

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 459
 Finance

(Senator Feldman)

Ways and Means

Economic Development - Comprehensive Technical Assistance Program -
 Establishment

This bill establishes the Comprehensive Technical Assistance Program in the Maryland Technology Development Corporation (TEDCO). The purpose of the program is to provide comprehensive technical assistance to any business that qualifies for financial assistance under a TEDCO program. The program must (1) incorporate TEDCO’s existing services; (2) include flexible and customized applied training services; (3) include the use of a network of experienced advisors to serve as mentors and loaned executives; and (4) include support with attracting and accessing private capital. TEDCO must include information related to the program in its annual report and must adopt regulations to implement the bill.

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$187,500 in FY 2022 and by approximately \$250,000 annually thereafter, as discussed below. Revenues are not affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	187,500	250,000	250,000	250,000	250,000
Net Effect	(\$187,500)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Meaningful.

Analysis

Current Law: TEDCO is an independent entity established by the Maryland General Assembly in 1998 to facilitate the creation of technology companies and encourage collaboration between these emerging businesses and federal and State research laboratories. TEDCO also aims to promote new research activity and investments that lead to business development in Maryland.

No comprehensive TEDCO technical assistance program exists in statute as many of TEDCO's public-facing programs/initiatives are not established by statute. In practice, TEDCO offers technical assistance as part of some of its existing programs, but it is not comprehensively provided. For example, the TEDCO Builder Fund program provides early-stage investment along with executive management support, executive management services, and mentorship to companies run by individuals with a socially or economically disadvantaged background that hinders access to traditional forms of capital.

State Expenditures: TEDCO advises that it can implement the program for approximately \$250,000 annually. This estimate includes \$125,000 for one full-time employee to administer the program (salary, benefits, and related costs), plus \$125,000 to fund a speaker series (\$5,000), mentors (\$40,000), loaned executives (\$50,000), and general administrative expenses (\$30,000). TEDCO employees are not State employees. Therefore, accounting for the bill's October 1, 2021 effective date, general fund expenditures increase by approximately \$187,500 in fiscal 2022 and by approximately \$250,000 annually thereafter. TEDCO advises that these are new costs.

TEDCO indicates that this level of spending could engage 130 companies each year, totaling approximately 1,500 hours of technical assistance across the various services.

Small Business Effect: Small businesses benefit from the additional comprehensive services provided by TEDCO under the program.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Technology Development Corporation; Department of Legislative Services

Fiscal Note History:
rh/vlg

First Reader - February 28, 2021

Third Reader - March 31, 2021

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