

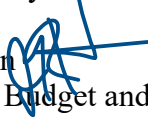


February 21, 2024

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
Acting Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Roger G. Banegas 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-001-2024 Contractor Requirements and Enforcement

CB-001-2024 (*Proposed and sponsored by:* Council Member Oriadha)

Assigned to the Government Operations and Fiscal Policy (GOFP) Committee

AN ACT CONCERNING BLACK BUSINESS START-UP FUNDS for the purpose of adding African American Business Enterprises to the Prince George's County Business Expansion and Start-Up Grant Program; adding African American Business Enterprises to the Prince George's County Business Expansion and Start-Up Loan program; providing for African American Business Enterprises definition and specified definitions section; and other related provisions.

Fiscal Summary

Direct Impact

Expenditures: No expenditure impact likely.

Revenue: No revenue impact likely.

Indirect Impact

None likely.

Legislative Summary:

CB-001-2024¹, proposed and sponsored by Council Member Oriadha, was presented on February 6, 2024, and was referred to the Government Operations and Fiscal Policy (GOFP) Committee. The proposed Bill would amend provisions of the Prince George's County Code related to the Prince George's County Business Expansion and Start-Up Grant Program. FSC First, in conjunction with one or more entities, if designated by the County Executive, shall administer the Prince George's County Small Business Capital and Growth Stimulus Program and the Prince George's County Small Business Capital and Growth Stimulus Fund.

Background/Current Law:

Federal and State laws authorize the establishment of Small Business Capital and Growth Stimulus Programs as a method of assisting small businesses grow their capacity. The State Small Business Credit Initiative (SSBCI) was originally established in 2010 and was highly successful in increasing access to capital for traditionally underserved small businesses and entrepreneurs². The American Rescue Plan Act reauthorized and expanded the State Small Business Credit Initiative (SSBCI) to provide \$10 Billion to support small businesses and empower them to access the capital needed to invest in job-creating opportunities post-pandemic³.

The County Council previously enacted CB-062-2022⁴ to create the Prince George's County Small Business Capital and Growth Stimulus Program.⁵ The County has a variety of programs to assist small businesses in receiving financial, technical, and/or management assistance, as well as preferences for certain certified businesses during the procurement process. The County Code contains a number of provisions related to local preferences during participation in the County procurement process, including provisions for waiver in certain circumstances; specific County-based minority enterprise subcontractor utilization requirements in certain contracts; Purchasing Agent discretion to increase the participation requirement in certain circumstances; and the establishment of a sheltered-market Supply Schedule program.

Under the current law, the total assistance from the Prince George's County Small Business Capital and Growth Stimulus Fund in any fiscal year for a business will continue to be maxed out at \$250,000, and any reward granted is non-renewable. Additionally, for businesses that use the Prince George's Business Expansion and Start-Up Loan Program, any loan repayment shall

¹ [CB-001-2024](#)

² Treasury.gov - [State Small Business Credit Initiative \(SSBCI\)](#)

³ Ibid.

⁴ [CB-062-2022](#)

⁵ [County Code, §10-336](#)

include a zero percent (0%) interest and a twelve (12) month deferment between the remittance of the loan funds to the business and the date of the first repayment. The law requires that “at least 30% of the annual awards from the Prince George's County Business Expansion and Start-Up Loan Program shall be reserved for Local Start-Up Businesses.”⁶

In order for Locally-Owned and Operated Businesses, Local Start-Up Businesses to be granted awards and start-up loans, the following activities have to occur in Prince George’s County:

- A. Business expansion, business capacity-building, and business retention,
- B. Job creation and job retention, and
- C. Business start-ups and early-stage business growth.

In addition to the above, any recipient of an award under this Subsection shall (A) be a registered business in good standing with the State of Maryland and County at the time of award and (B) remain a County-based business for at least the next sixty (60) months of the business's existence after receipt of the award, as a written condition of acceptance of the award.

Resource Personnel:

- Amanda Denison, Chief Legislative Officer
- Joel Peebles, Policy Director, Council District 7

Discussion/Policy Analysis:

CB-001-2024:

If enacted, the proposed Bill would amend County Code §10-336 to add a requirement that at least 25% of the annual awards from the fund go to African American Business Enterprises, and reduce the percentage of annual awards reserved for Locally-Owned and Operated Businesses from 30% to 25%.

The key definition in the Bill is *African American Business Enterprise* (“AABE”), which is defined in Section 10A-101, and means “any business enterprise:

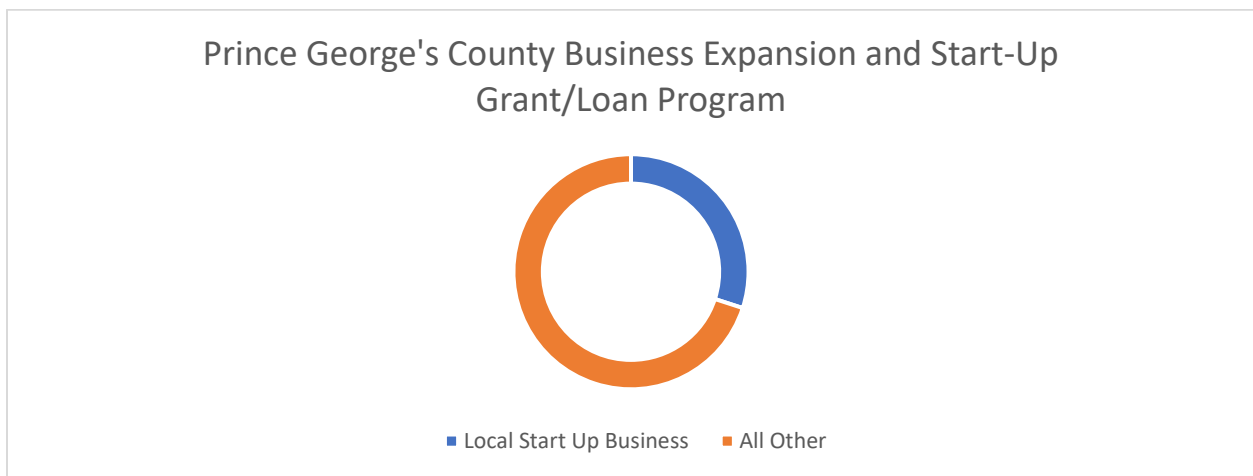
⁶ “Locally-Owned and Operated Business” is defined by reference to Code §10A-101, where the term is defined as follows:

(24.1) *Locally-owned and Operated Business means any County-based business:*

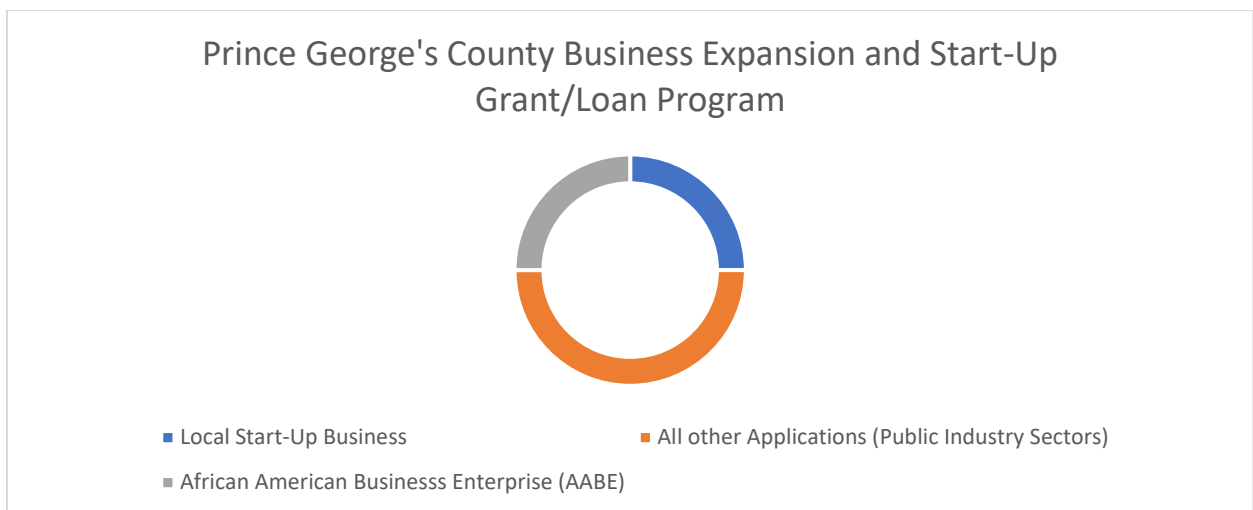
- (A) *Which is at least fifty-one percent (51%) owned by one or more County residents, or, in the case of any publicly-owned corporation, at least fifty-one percent (51%) of the stock of which is owned by one or more County residents; and*
- (B) *Whose general management and daily business affairs and essential productive operations are controlled by one or more County residents; and*
- (C) *Which has been certified by the Supplier Development and Diversity Division as a County-based business, County-based small business, and/or County-based minority business enterprise pursuant to Division 7 of this Subtitle.*

- (A) Which is at least fifty-one percent (51%) owned by one or more African Americans, or, in the case of any publicly-owned corporation, at least fifty-one percent (51%) of the stock of which is owned by one or more African Americans; and
- (B) Whose general management and daily business affairs and essential productive operations are controlled by one or more African Americans; and
- (C) Which has been certified by the Supplier Development and Diversity Division as a minority business enterprise pursuant to Division 6 of this Subtitle.

As noted above, the allocation of the annual awards from the Prince George's County Business Expansion and Start-Up Grant Program (and Loan Program) was set at 30% for Locally-Owned and Operated Businesses, as depicted below.



Under the provisions of CB-001-2024, the reserved percentages would be 25% each for Locally-Owned and Operated Businesses and AABEs, as depicted below.



In attempting to ascertain the fiscal impacts of the legislation, Council staff posed the following questions to the Administration. As of the date of this memorandum, Council Staff has not received information. The Committee may wish to explore these inquiries to better assess the impact of CB-001-2024:

1. What are the administering agency's (FSC First's) thoughts on CB-001-2024? Are the changes to 25% feasible since the maximum grant amount of \$250,000 won't be affected by the current draft of the Council Bill?
2. Does the agency keep track of how many applicant businesses are African American Business Enterprises ("AABE"), and if so, how many are AABEs?
3. Are there any complications with meeting the goals of the County Business Expansion and Start-Up Grant Program?
4. Does the agency routinely turn away AABE applicants who are otherwise qualified due to the lack of available funds?

Fiscal Impact:

- *Direct Impact*

Enactment of CB-001-2024 should not have a direct fiscal impact on the County as it does not increase the required appropriation to the Program but, instead, requires a certain percentage of annual awards from the existing program be reserved for AABEs. The maximum annual assistance for the grant program and loan program will continue to be \$250,000.

- *Indirect Impact*

Enactment of CB-001-2024 is not likely to have any indirect fiscal impact on the County.

- *Appropriated in the Current Fiscal Year Budget*

No.

Effective Date of Proposed Legislation:

The Act shall take effect forty-five (45) days after it becomes law.

If you require additional information or have questions about this fiscal impact statement, please reach out to me via phone or email.