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INTERGOVERNMENTAL AFFAIRS DIVISION

COUNTY AGENCY LEGISLATIVE COMMENT REQUEST FORM

Reviewing Agency:

Bill/Resolution Number:

Brief Summary of the Bill/Resolution:

Please provide a brief description of the bill in your own words and do not cut and paste the bill's purpose section.

The proposed CB-015-2026 bill intends to establish a loan program and provide financial assistance to early childhood education centers and home daycares. The bill will broadly encompass funding and administration for a loan program that will be equal to or greater than \$500m. The funding appropriation for the program will be a direct investment from the established Economic Development Incentive Fund (CB-04-2011).

Agency Impact:

Will this bill impact your Agency financially or operationally, or your Agency's mission?

Yes No Undeterminable at this time

If yes, please select the appropriate impact: Positive Impact Negative Impact No Impact

Discussion of Impact:

Pros

The primary mission of PGCEDC is to cultivate and promote a strong local economy that supports growth while increasing the County's commercial tax base. The intent of this legislation aligns with that mission by supporting small businesses and contributing to overall economic vitality. Supporting small businesses is strongly correlated with long-term strategic growth, which this bill advances.

Cons

The potential drawbacks relate to program implementation, available funding, and eligibility requirements. Examples include:

- Inclusion of startup companies
- Offering 0% deferred interest and the associated loan-processing and management burden
- Requirements for serving at-risk businesses
- Inclusion of nonprofit organizations for lending consideration

These elements introduce operational and financial challenges that will need to be addressed.

Fiscal Impact: /SB

Please provide an estimate of the financial impact. For example, will this bill require you to hire more staff, create a computer system, etc?

According to fund manager (FSC First), "In order to serve non-profits, FSC would need to hire an underwriter at \$90,000 annually and an asset manager at \$88,0000 annually conservatively.

If 0% interest loans are provided, the income lost for every \$500,000 loaned at 0% interest for the first 12 months would be approximately \$13,645."

Agency Position Recommendation:

Support Oppose Support with Amendments No position.

Please specify any suggested amendments in the space below?

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- (1) Grant option(s) specifically for home daycare providers. This subset of the industry classification, 624410 NAICS, historically is a higher risk for lending facilities. Often, this classification exhibits business volatility and overall operational instability. We would propose language within the bill that would provide funding “up to” \$5,000 increments, supported through reimbursement on expenditures.
- (2) Inclusion of verbiage to require applicant(s) seeks cost-sharing or matching funds. This language can ensure that the funding (loans, conditional loans, grants, etc) acts as a catalyst rather than the sole source of funding. The overall goal would be to leverage other investments. This is also a tenant of the EDIF program
- (3) Revision or omission of verbiage shown in Sec. 5C-107 (c) (3) “keep in operation a center or home that otherwise is likely to stop operating”. For both, a loan option or grant, fiscal and fiduciary responsibility requires a business to have a “going concern”. Effectively, is there fundamental assumption that the business will operate for the foreseeable future.

Additional Information:

Has your agency been contacted by the State Department of Legislative Services staff regarding this proposal?

Yes No

If yes, please provide comments about the discussion.

Agency Contact:

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