



Committee: PHED
Committee Review: At a future date
Staff: Christine Wellons, Legislative Attorney
Purpose: To receive testimony – no vote expected
Keywords: #LocalBusiness; #ChildCareGrants;
#SupportingFamilies

AGENDA ITEM #10
November 9, 2021
Public Hearing

SUBJECT

Bill 38-21, Economic Development Fund – Local Business Child Care Grant Program - Established

Lead Sponsors: Council Vice-President Albornoz and Councilmember Navarro

Co-Sponsors: Councilmembers Katz, Friedson, Riemer, Jawando, Rice, Glass and Council President Hucker

EXPECTED ATTENDEES

Members of the public

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

N/A; hearing testimony from public

DESCRIPTION/ISSUE

Council Bill 38-21 would:

- (1) establish a Local Business Child Care Grant Program;
- (2) provide for the administration and eligibility criteria of the program;
- (3) require regulations to implement the program; and
- (4) generally amend the law related to the Economic Development Fund.

SUMMARY OF KEY DISCUSSION POINTS

None

This report contains:

Staff Report
Bill 38-21
LRR

Pages 1-2
© 1
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MEMORANDUM

November 4, 2021

TO: County Council

FROM: Christine Wellons, Legislative Attorney

SUBJECT: Bill 38-21, Economic Development Fund – Local Business Child Care Grant Program - Established

PURPOSE: Public Hearing – to receive testimony

Bill 38-21, Economic Development Fund – Local Business Child Care Grant Program, sponsored by Lead Sponsors Council Vice-President Albornoz and Councilmember Navarro with Co-Sponsors Councilmembers Katz, Friedson, Riemer, Jawando, Rice, Glass, and Council President Hucker, was introduced on October 19, 2021. A Planning, Housing, and Economic Development Committee worksession will be scheduled at a later date.¹

Bill 38-21 would:

- (1) establish a Local Business Child Care Grant Program;
- (2) provide for the administration and eligibility criteria of the program; and
- (3) require regulations to implement the program.

BACKGROUND

On November 19, 2019, the Council adopted the Economic Development Platform for Montgomery County (Resolution No. 19-300). Under the Business Development pillar of the Platform: “The Council will invest in opportunities to 1) decrease the cost of doing business in the County; 2) promote the County’s businesses and business climate; 3) facilitate the attraction and retention of strategic industries; and 4) expand entrepreneurial programs and services to create new businesses.”

Consistent with the Economic Development Platform, the main purposes of Bill 38-21 are to decrease the costs of doing business in the County, and to attract and retain businesses in the County. The bill also would support businesses’ efforts to subsidize childcare for their employees.

¹ #LocalBusiness; #ChildCareGrants; #SupportingFamilies

BILL DESCRIPTION

Bill 38-21 would require the Director of the Department of Finance to create and administer a Local Business Child Care Grant Program within the Economic Development Fund.

Under the program, a local for-profit or non-profit business, with 50 or fewer employees, could apply for a grant from the County to match up to 50% of the employer's contributions to its employees' Flexible Spending Accounts (FSAs) for eligible childcare and dependent care under Section 125 of the Internal Revenue Code. The match would be available only for employer contributions to FSAs for employees earning gross incomes of less than \$125,000.

Grant recipients under the bill would be required to remit to the County any unused or improperly used grant funds. The Executive would report to the Council annually regarding the outcomes of the program.

This packet contains:	<u>Circle #</u>
Bill 38-21	1
LRR	5

Bill No. 38-21
Concerning: Economic Development
Fund – Local Business Child Care
Grant Program – Established
Revised: 10/12/2021 Draft No. 1
Introduced: 10/19/2021
Expires: 4/19/2023
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Council Vice-President Albornoz and Councilmember Navarro
Co-Sponsors: Councilmembers Katz, Friedson, and Riemer, Council President Hucker, and
Councilmembers Glass, Rice, and Jawando

AN ACT to:

- (1) establish a Local Business Child Care Grant Program;
- (2) provide for the administration and eligibility criteria of the program;
- (3) require regulations to implement the program; and
- (4) generally amend the law related to the Economic Development Fund.

By adding

Montgomery County Code
Chapter 20, Finance
Section 20-76G

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 20-76F is added as follows:**

2 **20-76G. Local Business Child Care Grant Program.**

3 (a) Definitions. As used in this Section:

4 Child care contribution means an employer’s contribution to an
 5 employee’s dependent care flexible spending account under Section 125
 6 of the Internal Revenue Code.

7 Director means the Director of the Department of Finance or the
 8 Director’s designee.

9 Fund means the Economic Development Fund established under Section
 10 20-73.

11 Local business means a for-profit or non-profit entity that:

12 (1) has its principal place of business in the County; and

13 (2) employs 50 or less full-time-equivalent employees.

14 Principal place of business has the meaning stated in regulations adopted
 15 under Section 11B-81.

16 Program means the Local Business Child Care Grant Program
 17 established under this Section.

18 (b) Establishment of Program. Subject to appropriation, the Director must
 19 create and administer a Local Business Child Care Grant Program to
 20 assist local businesses that provide child care contributions for the benefit
 21 of their employees.

22 (c) Eligibility. The Director, based upon information submitted by the
 23 applicant for assistance, must find that:

24 (1) the applicant owns a local business; and

25 (2) the local business provides child care contributions to its
 26 employees.

27 (d) Grant Agreement. In order to receive financial assistance from the Fund
 28 under the Program, a local business must enter into a grant agreement
 29 with the County, which must include conditions related to:

30 (1) the County’s right to audit financial records of the grantee;

31 (2) the grantee’s reporting obligations to the Director; and

32 (3) the grantee’s obligation to remit to the County any unused or
 33 improperly used funds.

34 (e) Financial assistance.

35 (1) The Director may award a grant from the Fund to an eligible local
 36 business under paragraph (c).

37 (2) The amount of the grant must not exceed 50% of the annual
 38 amount of child care contributions paid by the local business to its
 39 employees who earn gross incomes of less than \$125,000 annually.

40 (3) The grantee must use the grant solely to provide child care
 41 contributions to employees who earn gross incomes of less than
 42 \$125,000 annually.

43 (f) Regulations. The Executive must adopt Method 2 regulations to
 44 implement this Section. The regulations must specify the application
 45 procedures and eligibility criteria for a grant to a local business under the
 46 Program.

47 (g) Reports. On or before March 31 of each year, the Executive must report
 48 to the Council on the activities of the Program. The report must include:

49 (1) the number of local businesses participating in the Program;

- 50 (2) the number and dollar amount of grants made; and
51 (3) an evaluation of the impact of the Program on economic
52 development within the County.

LEGISLATIVE REQUEST REPORT

Bill 38-21

*Economic Development Fund – Local Business Child Care
Grant Program – Established*

DESCRIPTION:	Bill 38-21 would establish a Local Business Child Care Grant Program; provide for the administration and eligibility criteria of the program; and require regulations to implement the program.
PROBLEM:	Attract and maintain small businesses in the County
GOALS AND OBJECTIVES:	Incentivize and support local small businesses to locate in the County and to subsidize child care.
COORDINATION:	Department of Finance
FISCAL IMPACT:	OMB
ECONOMIC IMPACT:	Office of Legislative Oversight (OLO)
EVALUATION:	To be done.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Christine Wellons, Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	Available to eligible businesses within the County
PENALTIES:	Return of grant funds and other penalties related to the misuse of grant funds