



# HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

## FISCAL NOTE

**HOUSE BILL:** 2394

**PRINTER'S NO:** 3497

**PRIME SPONSOR:** Mirabito

<b>FISCAL IMPACT SUMMARY</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>
<b>Expenditure Increase/(Decrease):</b>		
General Fund	See Analysis	See Analysis

### OVERVIEW:

House Bill 2394 recapitalizes and amends Small Business Incubator Program, established via Act 111 of 1984.

House Bill 2394 makes the following changes to the existing Small Business Incubator Program.

- The bill includes the Ben Franklin Technology Partners as local sponsors.
- An application must demonstrate the project has a plan for sustainability and ongoing financial responsibilities.
- The bill expands the scope for use of grants and loans to include operational purposes.
- Grants, loans and loan guarantees may not exceed 80% of the total eligible project costs or \$800,000, whichever is less. The maximum grant amount may not exceed 20% of the award. Current law allows assistance of up to 50% of the total eligible project costs or \$650,000, whichever is less. Grants may not exceed \$240,000, and they may only be awarded to projects in municipalities designated as distressed under the Business Infrastructure Development Act.
- The bill opens the program to retail and not-for-profit enterprises.
- The bill repeals the pre-existing seed capital component.

This act shall take effect in 60 days.

### ANALYSIS:

This legislation recapitalizes the Small Business Incubator Program by reallocating underutilized bonding authority under the Commonwealth Financing Authority (CFA) and makes modifications to the program.

Specifically, the Tax Increment Financing Guarantee Program under the CFA was legislatively authorized \$100 million in bonding authority. The CFA did not capitalize guarantee programs, and the bill transfers \$20 million in bonding authority from the Tax Increment Financing Guarantee Program to the Small Business Incubator Program. Indebtedness incurred for the Tax Increment Financing Guarantee Program shall not exceed \$80 million.

According to the Department of Community and Economic Development, enactment of House Bill 2394 could require the department to create a new complement position, with an estimated cost of between \$60,000 and \$70,000 per year, including salary, benefit, and parking.

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**DATE:** April 26, 2010

**General Note and Disclaimer:** *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*