



# Delaware

## DIVISION OF SMALL BUSINESS

FY 2018 ANNUAL REPORT

TRANSITION  
BREEDS SUCCESS


DIRECT FOCUS PUT ON  
SMALL BUSINESSES

NEW MISSION,  
NEW VISION

FIVE KEYS TO  
GROWING DELAWARE

REPORTING AND  
METRICS

VALUABLE INSIGHTS  
INTO PROGRAM



THE DIVISION OF  
SMALL BUSINESS IS  
A SERVICE-FOCUSED  
AGENCY  
COMMITTED TO  
HELPING  
BUSINESSES START  
AND GROW IN  
DELAWARE.

OUR GOAL IS TO MAKE DELAWARE THE #1 STATE IN  
THE U.S. FOR SMALL BUSINESS.



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Thanks to all the Division units and staff for helping to prepare the information for this report.

# DIRECTOR'S LETTER

**DAMIAN DESTEFANO**  
**DIVISION DIRECTOR**

Delaware is creating a new way of looking at economic development – giving big attention to small business.

Providing a laser-focus on the entrepreneurs who are such a key part of the state's economy is part of an exciting vision that my team and I are proud to help define and strengthen.

It is the mission of the Division of Small Business to grow Delaware's small business community and support the brave business owners who pour their money, sweat and tears into taking risks to make their dreams into realities.

We changed our name to the Division of Small Business to reflect that new mission.

We also restructured our office and gave employees targeted responsibilities to better direct our efforts in helping Delaware's thousands of small business owners and would-be entrepreneurs.

We believe helping 10 small businesses add 10 employees each can have just as big an impact as working with one large business to create 100 new jobs. Each of those jobs, each of those companies helps to put food on the table of Delawareans across the state.

So, what is a small business?

We consider any business with fewer than 100 employees to be small. These represent 98 percent of all businesses in Delaware and account for 55 percent of jobs in the state. They span a wide range of industries: from retail to hospitality to manufacturing.

To better serve them, we formed a

team of Business Resource Managers to work with entrepreneurs one-on-one and provide them with the customized services they need, whether it is navigating the regulatory process, accessing capital or connecting with resources available from partner organizations.

"Delaware is creating a new way of looking at economic development - giving big attention to small business"

Each Business Resource Manager covers a specific part of Delaware. That way they get to know the businesses, local government agencies and nonprofit service providers in their area.

In addition to creating our team of Business Resource Managers, we also launched separate advisory councils for women business owners, minority business owners and military veteran business owners. These boards allow us to hear directly from these constituencies about their distinct needs so that we can tailor our assistance to make it most useful.

A recent Paychex report ranked Delaware a top state for businesses owned by minorities, including



minority women. An American Express report found Delaware to be a top state for women business owners. Though we are proud of this recognition, we continue to strive to always be even better.

At the same time, the Delaware Tourism Office, which is part of the Division, is doing a fantastic job of marketing the state as a destination for out-of-state visitors and supporting Delaware's \$3.3 billion tourism industry, an industry filled with small businesses.

Meanwhile, through our Business Finance Unit, the Division serves as a responsible steward of taxpayer dollars through our administration of the Delaware Strategic Fund and other grant and loan programs.

Business Finance is also administering the new Angel Investor Tax Credit program, signed into law by Gov. Carney in May. We worked with the governor's office and the Department of Finance to draft the legislation and with the Department of Technology and Information and the Government Information Center



## FY 2018 ECONOMIC HIGHLIGHTS

# DELAWARE SMALL BUSINESS LANDSCAPE



### 3.9% UNEMPLOYMENT

At the start of FY 2018 Delaware's unemployment rate was 0.3% above the national average. By the end of the fiscal year, it was at 3.9%, which was 0.1% below the U.S. average.



### 98% OF BUSINESSES

There are 24,782 establishments in Delaware employing 100 or fewer workers (not including companies with 0 employees). This accounts for 98% of all businesses in the state.



### 55% OF WORKFORCE

Nearly 220,000 Delawareans work for small businesses in the state. That accounts for 55% of Delaware's workforce and almost \$10 billion in annual wages.



### COUNTY BY COUNTY

Small businesses are key to the economy of each of Delaware's three counties:  
New Castle - 15,600 establishments  
Kent - 3,400 establishments  
Sussex - 5,500 establishments



### DIVERSE BUSINESS MAKEUP

Delaware's largest small business sectors:

- Retail trade
- Professional, scientific & technical services
- Health care and social assistance
- Construction
- Accommodation & food services

to make the program available online starting Nov. 1.

While the Division no longer works to recruit large companies to Delaware, we did play a key role in one of the most high profile economic development projects in recent memory, helping to lead Delaware's effort to attract Amazon's second North American headquarters. And the "Options in Delaware" campaign we created to support that pitch won positive responses from Delaware's business community, state and local officials and regional media. It has become a resource the newly-formed Delaware Prosperity Partnership can use to recruit other companies to Delaware.

"We believe helping 10 small businesses add 10 employees each can have just as big an impact as working with one large business to create 100 new jobs."

We are working closely with the Delaware Prosperity Partnership to bolster the state's economic environment and make our state a place where businesses of all sizes can thrive.

I want to thank Gov. Carney for his leadership and vision in creating a state agency whose mission is to assist small business.

I also want to thank the members of the General Assembly for their support, as well as the members of the Council on Development Finance, which is chaired by Fred Sears. The council spends many long hours reviewing applications for financial assistance from various programs through the Delaware Strategic Fund.

We look forward to continuing our strong momentum in FY 2019 as the Angel Investor Tax Credit gains traction, Delaware's Opportunity Zones attract investment and the Division launches a revamped website, which will include an interactive portal that will give small business owners information about the wealth of relevant and targeted programs offered by government agencies and nonprofit organizations across Delaware.

Our goal is to make Delaware the #1 state in the U.S. for small business. And we're working hard to make that a reality.



# MISSION & STRATEGIES

**OUR MISSION:** The Division of Small Business is a service-focused agency committed to helping businesses start and grow in Delaware.

**We provide support to businesses of fewer than 100 employees to help them maximize their potential to thrive.**

Small businesses account for 98 percent of businesses in Delaware and employ 55 percent of Delaware's workforce. To help them succeed, the Division offers customized services and support, ranging from assistance navigating governmental regulations to connecting them to an extensive network of resource partners.

**We focus on assisting traditionally underserved populations to create a more diverse and vibrant business community.**

The Division puts a specific emphasis on providing support to minority-owned, woman-owned and veteran-owned small businesses, as well businesses owned by disabled individuals. The Division also assists businesses in underserved geographic areas of the state.

**We champion the state's tourism industry by promoting Delaware's endless discoveries to out-of-state visitors.**

The Delaware Tourism Office raises awareness of the

state's tourism attractions by driving a large volume of out-of-state visitors through sales and marketing. Tourists are an essential revenue opportunity for the state's small businesses and vital to the Delaware economy with visitors contributing more than \$3.3 billion to the state's GDP in 2016.

**We collaborate with state and local governments to create a better environment for economic growth.**

The Division works with officials at all levels of government to streamline the regulatory process to make it easier to open new businesses and expand existing ones. The Division also serves as an unbiased resource to the General Assembly and Governor's office on legislation affecting small business.

**We are responsible stewards of taxpayer dollars.**

The Division, through its vetting of businesses seeking grants or loans from the Delaware Strategic Fund and other programs, ensures that taxpayer dollars are invested wisely and in a way that maximizes the positive impact on economic development.







# 149th General Assembly Legislative Recap

Over the past year the Delaware General Assembly has passed or Governor Carney has signed into law multiple bills positively affecting Delaware small businesses, economic development and the Division itself.

HB 226 restructured Delaware's approach to economic development by creating the Delaware Prosperity Partnership and the Division of Small Business, Development and Tourism (now the Division of Small Business). The Division focuses on helping people start and grow small businesses in Delaware. The Delaware Prosperity Partnership focuses on attracting large companies from outside Delaware.

HB 170 created the Angel Investor Tax Credit to help spur investment in innovative and small businesses in Delaware. It establishes up to \$5 million in state tax credits per year through 2021 for investments in small, startup companies in a variety of high-tech industries including aerospace, renewable energy, biotechnology, pharmaceuticals and medical devices.

SB 242 established the Pay for Success Program to encourage private funding of economic development and social impact programs that create jobs, advance Delaware's economy and strengthen the state's communities.



HB 432 formally changed the Division's name to the Division of Small Business. The legislation also unified reporting requirements on economic development programs into a single, consolidated annual report to provide executive agencies, legislators and the public with a clearer and more useful picture of the Division's programs and Delaware's economy. It also corrected technical issues in existing law to conform with Delaware Legislative Drafting Manual standards.





# YEAR IN REVIEW: SMALL BUSINESS & SPECIAL PROJECTS

## HELPING NAVIGATE THE REGULATORY PROCESS

In order to assist business owners in overcoming the regulatory hurdles that may impede them in starting or expanding a business, we are significantly strengthening connections with state and local government agencies such as the Delaware Division of Revenue and the Delaware Department of Health, Office of Food Safety.

## AMAZON HQ2 PROPOSAL

The Division was a key player in developing Delaware's proposal to attract Amazon's second North American headquarters. We coordinated a broad array of partners within state and local government and private industry while working closely with the newly formed Delaware Prosperity Partnership to share the state's story with the company and the world.

## UNLOCK THE BLOCK

We co-organized the Unlock the Block campaign, an effort to fill vacant commercial spaces on or adjacent to Loockerman Street in downtown Dover. The program promoted multiple sites as prime locations for small businesses. It culminated in a competition where potential lessees pitched their business ideas to a panel of experts.

## FUNDING FOR NATURAL GAS INFRASTRUCTURE PROJECTS

We led the effort to solicit and evaluate proposals for natural gas infrastructure projects to potentially receive funding from the settlement between Exelon and the state of Delaware related to Exelon's acquisition of Delmarva Power. A group evaluated the proposals and determined which should be funded. The projects must spur economic development.



## DOT FOODS FACILITY

With our assistance, Illinois-based DOT Foods, the largest food industry re-distributor in North America, chose Delaware as the location for a \$36 million, 186,000 square-foot warehouse-distribution facility to be built in Bear. The

facility, slated to be completed in fall 2019, will create a minimum of 200 jobs and could create as many as 300 jobs.

## PRIME RATES

We helped Prime Rates, a financial technology company, find a headquarters location in Delaware. The company will be moving to the New Castle County Chamber of Commerce's Emerging Enterprise Center in Wilmington.

## MWVBE COUNCILS

We organized and met with the Division's advisory councils for Minority Business Owners, Women Business Owners and Military Veteran Business Owners in order to receive input about how the Division can best assist them in overcoming the specific challenges they face in starting and expanding a business.

## FOREIGN TRADE ZONES

Our Special Projects Director serves as grantee administrator for Delaware's statewide Foreign Trade Zone. There are currently five active Foreign Trade Zone sites in Delaware. We are working to encourage more companies and municipalities to create Foreign



Trade Zone sites and for more companies to occupy the existing sites.

### DOWNTOWN ROADMAP

Through the Downtown Roadmap program, we assisted multiple municipalities in Kent and Sussex counties in creating new visions for their downtowns by adopting a comprehensive approach to downtown revitalization including recommendations on master planning, marketing and branding from national experts.

### BIO 2018

We led the Delaware delegation to the 2018 conference in Boston of the Biotechnology Innovation Organization, the association of life science companies and researchers. We hosted the Delaware pavilion and made introductions for the numerous Delaware companies that attended the conference.

### BOARD MEMBERSHIPS

Staff participate as a member of a number of organizations, including:

- Delaware State Chamber of Commerce Small Business Alliance
- Delaware Startup Launchpad
- DelDOT Advisory Council on Connected and Autonomous Vehicles
- Fort DuPont Redevelopment Corporation
- Governor's Supplier Diversity Council



- Independent Resources Inc.'s Dolphin Tank Awards
- Natural gas infrastructure grant awards advisory committee
- New Castle County Emerging Enterprise Center's Entrepreneurial Summit
- State International Development Organizations





## YEAR IN REVIEW: DELAWARE TOURISM OFFICE

### NEW INITIATIVES AND NEW TECHNOLOGY ARE HELPING TO SHARE DELAWARE'S STORY WITH POTENTIAL VISITORS

#### ADRIAN AWARD WON

The Delaware Tourism Office received its first-ever Adrian Award, which is considered the Oscar of the global tourism marketing industry. DTO won for the latest edition of the Official State Travel Guide. The guide features inspirational photography, immersive layouts and informational content developed directly in response to what consumers said they wanted in a travel guide. It is part of the larger Endless Discoveries brand the tourism office launched in 2015.

#### DIRECT SALES AND MARKETING SUCCESS

The Delaware Tourism Office's direct sales and marketing efforts to attract group tours, sporting events and

leisure travelers resulted in an estimated \$18 million in economic impact in FY 2018. DTO also represented Delaware at more than a dozen regional and national trade shows. DTO helped attract large sports tournaments to Delaware, including the National Lacrosse Classic at DE Turf and the US Lacrosse National Championships.

#### OFF-SEASON VISITATION AT THE BEACHES

DTO works to drive off-season, out-of-state visitation to the Delaware Beaches through events such as Slam Dunk to the Beach and Winter WonderFEST. DTO supports Winter WonderFEST in Lewes through sponsorship of the VisitDelaware.com ice rink. The rink hosted more than





10,000 skaters in 2017, and the event as a whole drew more than 60,000 people from 31 states and Canada. Slam Dunk saw standing room only crowds in 2017 and the highest ticket sales in tournament history.

**Nine million people visit Delaware each year, and they contribute more than \$3 billion to the state's GDP (2016).**

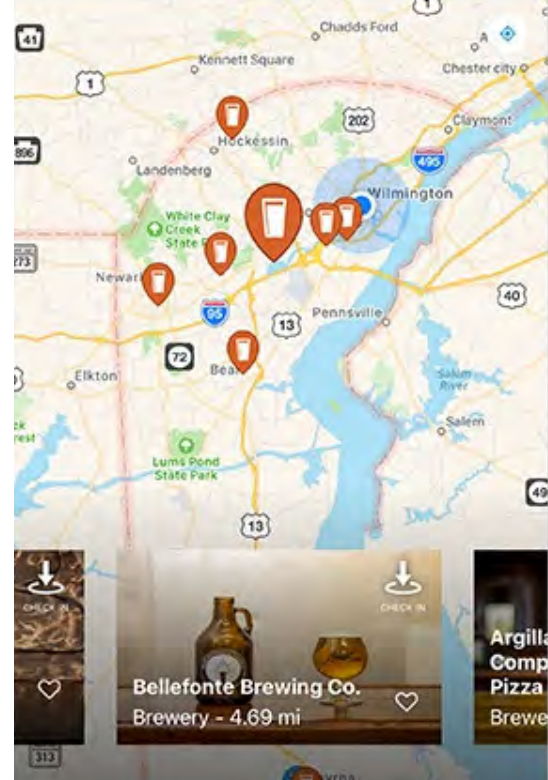
## NEW TECHNOLOGY - DELAWARE ON TAP

DTO launched the mobile version of the popular Delaware Beer, Wine & Spirits Trail that meets consumers where they are – on their mobile phones. The evolution of the travel industry means meeting consumers' demand with new technology. The app lets beer lovers check in at locations on their phone, and when they've been to 10 locations receive a commemorative beer mug. Delaware on Tap also provides helpful information on and links to events,

tours, lodging, dining and transportation options. The app is being downloaded at a rate three times faster than the original paper passport. The tourism office has added seven new locations since the application launched in October 2017, bringing the total to 32, which is almost triple the size of the Wine and Ale Trail when it started in 2009.

## NEW TECHNOLOGY – 360 VIDEO

In celebration of National Travel and Tourism Week in May, DTO debuted a virtual reality video that takes viewers on an immersive 360-degree tour of some of Delaware's most iconic tourist attractions. The sites include Winterthur Museum, Garden & Library; Woodland Beach; Trap Pond State Park and the Rehoboth Beach boardwalk. The video, which has been viewed thousands of times on VisitDelaware.com, offers an enhanced way to share Delaware's story with potential out-of-state visitors. Tourism office staff are using a VR headset at trade shows to give consumers the experience of exploring some of Delaware's endless discoveries without leaving their seats.



# YEAR IN REVIEW: COMMUNICATIONS UNIT

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## NEW BRAND

The communications team developed a new brand for the Division of Small Business, which plays off the success of the tourism office's Endless Discoveries campaign. We created a logo, stationery, brand guide and temporary website. We also began work on an advertising campaign to increase awareness about the new Division along with launching Facebook and Twitter accounts. A blog on the Division website connects directly to social media, which is a best practice to maximize the number of people who see Division and Delaware small businesses news.

## UNLOCK & TOURS

We provided marketing and public relations support for Unlock the Block, an effort to fill vacant commercial spaces in downtown Dover. Our role included engaging Dover-based Big River Film Co. to produce two promotional videos about the program and downtown Dover. We also organized walking tours for Governor Carney of small businesses in downtown Dover and downtown Rehoboth Beach. The tours enabled business owners to describe their business for the governor and for him to get a sense of Delaware's vibrant small business community.

## AMAZON HQ2

We led the promotional effort around Delaware's proposal to attract Amazon's second North American headquarters, including orchestrating the #OptionsInDE social media campaign among several state agencies, working with Short Order Production House to produce the popular "Options in Delaware" video and working with The Archer Group to design the "Options in Delaware" website. We also handled media relations and coordinated a press conference to announce the sites chosen in Delaware to pitch to Amazon.

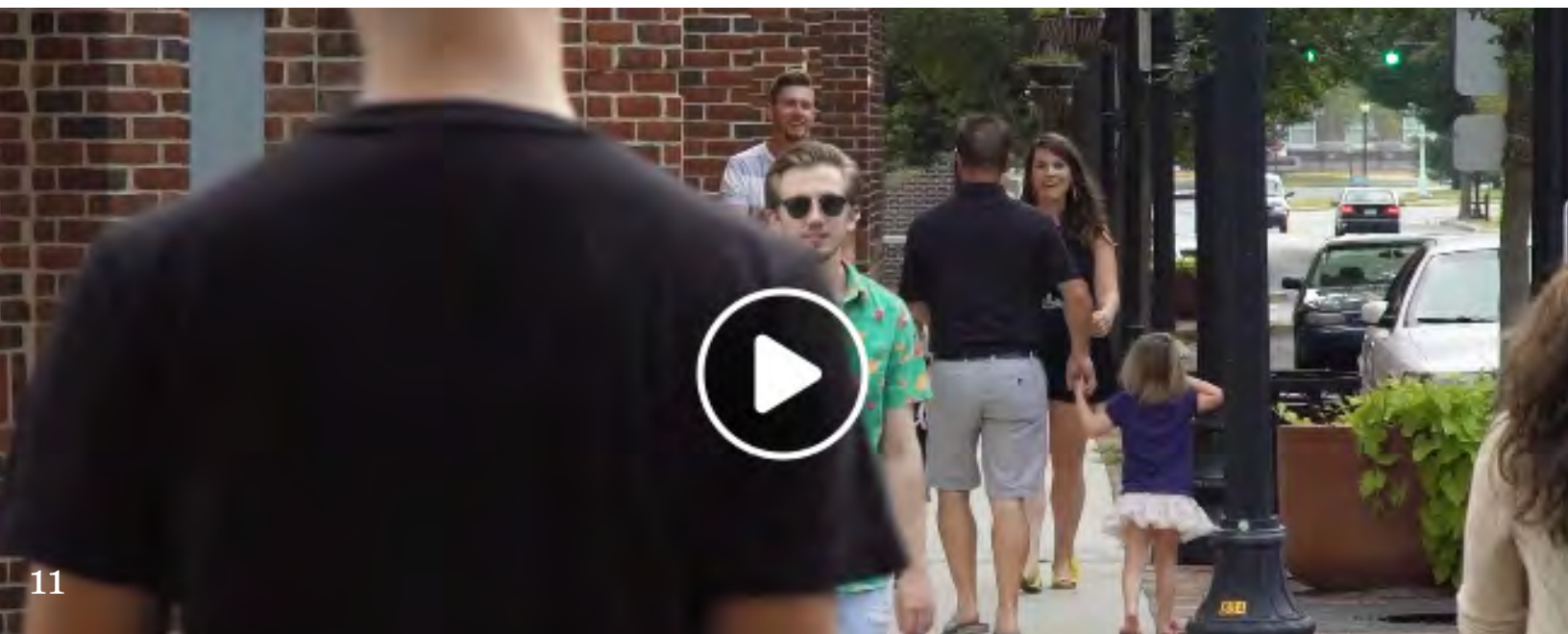
## PUBLIC RELATIONS

Our outreach effort consisted of organizing numerous press events and issuing multiple press releases, including:

- Sallie Mae expanding its facility in Newark and adding 285 employees
- TrafficCast relocating its East Coast Traffic Operations Center to Wilmington
- A Thumbtack report rating Delaware A+ for small business friendliness

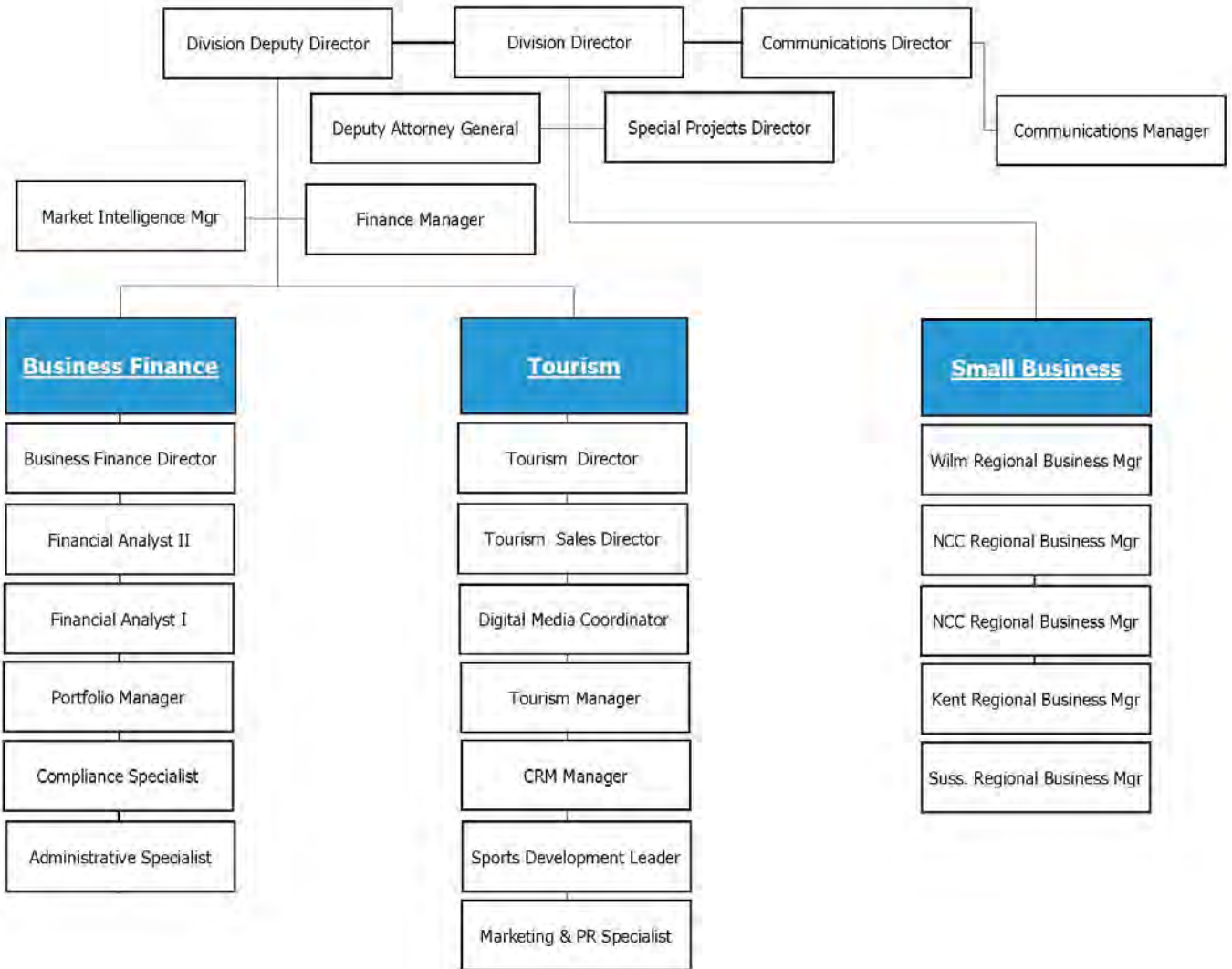
We also fulfilled media requests from local and national outlets, including:

- Bloomberg BNA
- Chief Executive
- Expansion Solutions
- Global Trade





# DIVISION ORGANIZATIONAL CHART



## BUSINESS MARKETING

Through the Business Marketing Program, the Communications Unit promoted programs that foster business growth and economic opportunity in Delaware during FY 18. The team also supported new and existing financial and job training programs.

The team developed and implemented a comprehensive communications plan to advance the mission of the new Division.

Using public relations, advertising,

marketing, social media and the web, the team works to integrate all of the Division's programs to:

- Promote a favorable impression of Delaware among small business owners, residents, government officials, potential visitors to the state and others
- Create new communications opportunities while also leveraging both existing opportunities and relationships
- Define strategic, actionable goals and implement plans to achieve those goals
- Design, prepare and execute communications plans
- Design marketing materials

CONTRIBUTIONS RECEIVED IN FY 18  
\$14,500

ITEMIZED NON-STATE CASH CONTRIBUTIONS  
 3/12/2018 \$2,500 from Labware Inc.  
 3/12/2018 \$2,500 from ILC Dover  
 3/12/2018 \$2,500 from Delaware Bioscience Association  
 3/19/2018 \$2,500 from Incyte Corporation  
 3/29/2018 \$2,500 from Potter Anderson Corroon LLP  
 5/10/2018 \$2,000 from University of Delaware

TOTAL EXPENDITURES FOR FY 18  
\$195,592.17



# COUNCIL ON DEVELOPMENT FINANCE & THE DELAWARE STRATEGIC FUND

## COUNCIL ON DEVELOPMENT FINANCE

The Council on Development Finance (CDF) is a panel of nine members, appointed by the Governor, Senate President Pro Tempore and Speaker of the House, to advise the director of the Delaware Division of Small Business. On the fourth Monday of each month the Council hears, evaluates, and recommends approval or disapproval of projects brought to it by the Division and the Delaware Prosperity Partnership. These projects range from companies seeking to establish new facilities in the state, current businesses looking to expand, new companies wishing to grow and the revision of contracts already held with the state. After the review, the council makes a recommendation to the Division Director.

## DELAWARE STRATEGIC FUND

The Delaware Strategic Fund provides customized financial assistance to businesses considering locating or expanding in the state of Delaware. Financial assistance may be provided in the form of grants or low-interest loans to support the attraction and expansion of businesses.

Through the Strategic Fund, DSB

supports initiatives such as the Brownfield Assistance Program, Delaware Technical Innovation Program, Delaware Capital Access Program, and the Delaware Rural Irrigation Program. The Strategic Fund also provides loans and grants not affiliated with these specific programs.

## STRATEGIC FUND GRANTS

During FY 18, the Council on Development Finance approved funding of nine projects through the Delaware Strategic Fund.

Details of the nine projects are on pages 14 and 15.



Since the beginning of FY 18, each dollar from the Strategic Fund spent on grants is matched by more than \$8 in private funding. The projects contribute more than \$185 million to Delaware's GDP.

## STRATEGIC FUND LOANS

During FY 18 no requests for loans or loan modifications were presented to the Council on Development Finance.

## DELAWARE TECHNICAL INNOVATION PROGRAM

Information on FY 18 DTIP grants funded through the Delaware Strategic Fund is available on page 19 of this report.

## BROWNFIELD ASSISTANCE

The Brownfield Assistance Program provides matching grants to encourage redevelopment of environmentally distressed sites in Delaware. There were no Brownfield projects approved during FY 18.

## DELAWARE RURAL IRRIGATION PROGRAM

The Delaware Rural Irrigation Program (DRIP) is a revolving loan fund administered collaboratively through the Delaware Department of Agriculture and Division of Small Business. The program provides no-interest loans to allow farmers to irrigate more cropland. The investments have helped these farmers survive droughts. There were no DRIP projects approved during FY 18.



# FY 18 CDF GRANTS

Applicant's Name	Award Amount	Jobs to be created	Total Jobs to be Created & Maintained	County
Prelude Therapeutics Inc.	\$474,491	23	32	New Castle
General Refrigeration Company	\$433,500	25	69	Sussex
Sallie Mae Bank	\$2,160,000	285	1,023	New Castle
West End Neighborhood House	\$500,000	0	0	New Castle
First State Community Loan Fund	\$500,000	0	0	New Castle
Berkley Insurance Company	\$290,868	62	180	New Castle
TrafficCast International Inc.	\$171,600	85	85	New Castle
Adesis Inc.	\$445,224	52	120	New Castle
DEMEP	\$518,380	0	9	New Castle

## PRELUDE THERAPEUTICS

The biopharmaceutical company, founded by Dr. Kris Vaddi, a founding scientist and previous vice president at Incyte, was awarded a performance-based grant of up to \$474,491 that will enable it to add 23 new full-time positions and relocate from the University of Delaware STAR campus in Newark to larger quarters elsewhere in Delaware.

## TRAFFICCAST INTERNATIONAL

The Wisconsin-based provider of real-time traffic information to more than three-quarters of all in-dash vehicle navigation systems was awarded a performance-based grant of up to \$171,600 that enabled the company to relocate its East Coast Traffic Operations Center from Pennsylvania to The Mill in downtown Wilmington. The new location will employ 85 people.

## GENERAL REFRIGERATION COMPANY

The company, which manufactures and installs industrial refrigeration systems, was awarded a performance-based grant of up to \$433,500. Of that amount, \$195,000 will be used to hire 25 additional employees, and \$238,500 will be used to build a new facility in Sussex County.

## BERKLEY INSURANCE COMPANY

The company, a subsidiary of W.R. Berkley Corp., one of the largest commercial lines property and casualty insurers in the U.S., was awarded a performance-based grant of up to \$290,868. Of that amount, the company was awarded \$230,868 to add 62 new full-time positions by 2020, up from the current headcount of 118 workers. The new employees will increase the company's Delaware workforce to 180. The company was also awarded \$60,000 to complete the construction of almost 23,000 square feet of office space at the company's building at 101 Bellevue Parkway in Wilmington.

## SALLIE MAE BANK

The student lender was awarded a performance-based grant of up to \$2.16 million to add 285 new full-time positions at the company's customer service center in New Castle County. That will increase the company's employment in New Castle County to more than 1,000 people. The company held a ribbon-cutting at its New Castle County facility in April.

## ADESIS INC.

The company, a contract research organization for industries including pharmaceuticals and biotech and a



leader in OLED technology, was awarded a performance-based grant of up to \$445,224. Of that amount, the company was awarded \$265,224 to hire an additional full-time 62 employees. Adesis, a subsidiary of New Jersey-based Universal Display Corp., was also awarded \$180,000 to expand its operations at the Delaware Innovation Space in Wilmington. The Delaware Prosperity Partnership brought the proposal to the Council on Development Finance.

#### GROW DELAWARE FUND

Designed to mirror the success of the Grow Wilmington Fund, The Grow Delaware Fund was established in 2017. It is able to provide a total of up to \$5 million in long-term, low-interest loans to small businesses in Delaware including woman-owned and minority-owned small businesses. The Fund is a public-private partnership consisting of West End Neighborhood House, the Delaware Division of Small Business, Longwood Foundation, Discover Bank and National Development Council. It was awarded \$500,000 from the Delaware Strategic Fund.

#### FIRST STATE COMMUNITY LOAN FUND

First State Community Loan Fund was awarded \$500,000 to recapitalize its existing loan programs. All of the funds will be used to support small and diverse businesses in Delaware. The \$500,000 will enable the Fund to leverage an additional \$1.5 million to \$2 million from other sources to support its lending programs in Delaware.

#### DELAWARE MANUFACTURING EXTENSIONS PARTNERSHIP

DEMEP was awarded up to \$518,380 to continue to provide on-site technical and business assistance to small-to-medium size businesses in manufacturing, health care and services throughout Delaware. The assistance and advice DEMEP provides helps companies implement advanced manufacturing techniques and other strategies to maximize their competitiveness.

#### DELAWARE CAPITAL ACCESS PROGRAM

The Delaware Capital Access Program (DCAP) gives banks a flexible, transparent tool to expand small business lending. By using a small amount of public resources to generate a large amount of private bank financing, the program provides more small businesses access to capital, which stimulates economic growth in Delaware.

During FY 18 there were 14 Delaware Capital Access Program projects approved, and each Strategic Fund dollar spent

through DCAP generated approximately \$16 in private funding.

Applicant's Name	Award Amount	County
Risen Services, LLC	\$10,625	Sussex
Inter-Neighborhood Foundation of Wilmington	\$30,000	New Castle
Pacific Cargo, LLC	\$5,000	New Castle
Aruanno Enterprises Inc.	\$14,500	New Castle
JJ's Learning Experience, LLC	\$27,750	Kent
Nicholas G. Moore	\$4,500	New Castle
Coastal Chiropractic	\$5,000	Sussex
Goodchild Towing & Automotive	\$23,000	New Castle
Lost in Mezcal	\$12,500	Sussex
Enoch A Stevenson	\$1,000	Kent
Kid's Clubhouse	\$6,000	New Castle
Rehoboth Water Ice	\$12,500	Sussex

#### STATE SMALL BUSINESS CREDIT INITIATIVE

The federally funded State Small Business Credit Initiative enables the Division of Small Business to create a loan participation program. The program is a partnership between the Division and lending institutions designed to increase access to capital at lower interest rates. No SSBCI loans were approved in FY 18.

#### TAX EXEMPT BOND FINANCING

New or expanding businesses, governmental units and certain organizations exempt from federal income taxation can be eligible for statewide financial assistance in the form of tax-exempt bonds, which are not backed by the full faith and credit of the state, through the Division of Small Business. Tax-exempt financing may be cost-effective for projects involving the issuance of more than \$750,000. All applications are reviewed for their impact on Delaware's economy. During FY 18, two projects were approved by CDF.

Applicant's Name	Award Amount	County
The Independence School	\$7,000,000	New Castle
ACTS Retirement-Life Communities Inc.	\$44,000,000	New Castle/Sussex

#### STRATEGIC FUND ALLOCATIONS

Information on funding dispersed from the Delaware Strategic Fund through the FY 18 Budget Bill (HS1 for HB275) and Bond Bill (SB125) is available following page 20 of this report.



# COASTAL ZONE CONVERSION PERMIT ACT

Economic activity enabled by the Coastal Zone Conversion Permit Act: None

There was no such economic activity in FY 2018 as DNREC's Coastal Zone Conversion Permit Act Regulatory Advisory Committee and Work Groups continue to develop regulations for the issuance of conversion permits under the Act. DNREC has until October 1, 2019 to promulgate these regulations.

The CZA Permit Act allows for responsible redevelopment of 14 legacy industrial sites in the coastal zone with the intention of creating new jobs and providing environmental clean-up of those coastal Delaware sites.



# ANGEL INVESTOR TAX CREDIT

The Division of Small Business administers the Angel Investor Tax Credit signed into law in May.

The law requires that qualified businesses and investors be able to register for the program through the Division website. The Division's Business Finance and Communications Units worked with the Department of Technology and Information to create this web portal to begin accepting applications on Nov. 1, 2018. Businesses can start applying for the credits Jan. 1, 2019.

The Angel Investor Job Creation and Innovation Act creates a 25 percent refundable tax credit for investors who put at least \$10,000 (for individuals) or \$30,000 (for funds) in Delaware-based companies in high-tech fields, including aerospace, fintech and biotech.

The program sunsets in 2021 and has an annual cap of \$5 million.

Some of the requirements for a business to be eligible:

- The business must be in a high technology field
- Be headquartered in Delaware
- Have fewer than 25 employees
- Pay 51+ percent of its total compensation for work done in Delaware
- Not have received more than \$4 million in private equity funding previously and must not have issued securities on a public exchange nor may do so for 180 days after the investment.

A list of approved investors and businesses will be included in the Division's FY 2019 annual report.



# Blue Collar Training Fund

The Blue Collar Training Fund provides financial assistance to Delaware entities for customized training initiatives. Financial assistance under the program is in the form of a grant to train Delaware workers. Through the fund, the Division of Small Business administers the Workforce Training Grant Program, and supports the State Employee Training Program.

## WORKFORCE TRAINING GRANTS PROGRAM

Workforce Training grants are specifically for Delaware businesses. DSB conducts training observations to ensure training takes place as outlined in the contract and proposal, and completed training contracts are closed upon the successful completion of training. Follow-up is conducted six months later to see if the business met its training goals.

During FY18 there were 19 new contracts awarded to 18 companies (chart below), including 14 small businesses. Each \$1 awarded generated more than \$2 in private investment.

## PERFORMANCE EVALUATION OF GRANTS

The return on investment (ROI) is evaluated in three ways –

training observation, completion of training, and a six-month review after the completion of the training.

- Training observations were conducted on 15 contracts.
- The following results of the FY 18 retention survey represent 25 of the 31 completed contacts:
  - o 22 companies reported 90-100% retention
  - o 3 companies reported 80-90% retention

## ANALYSIS OF THE PARTICIPANTS IN THE PROGRAM

Demographic information on the next page is obtained through voluntary participant surveys. In some cases, participants chose not to complete the survey; in other cases, participants did not complete the entire questionnaire.

## BLUE COLLAR TRAINING FUND

The Department of Human Resources receives \$100,000 annually from the Blue Collar Training Fund to fund and administer the State Employee Training Program. DSB serves on the committee that evaluates training proposals from state agencies for customized training within their respective departments.

Company	DSB Funding	Company Match	Participants	County
Atlantis Industries Corporation	\$41,110	\$49,713	2	Sussex
Avkin, Inc.	\$3,690	\$4,442	2	New Castle
Auto Port Inc.	\$3,690	\$4,100	2	New Castle
First State Manufacturing	\$48,074	\$77,611	75	Sussex
Hirsh Industries, Inc.	\$18,708	\$52,694	18	Kent
MIDI, Inc.	\$3,690	\$4,343	2	New Castle
PPG Industries Inc.	\$3,690	\$4,880	2	Kent
Graver Technologies	\$7,115	\$10,532	9	New Castle
Romer Labs Technology, Inc.	\$3,690	\$9,296	2	New Castle
Advanced Materials Technology, Inc.	\$3,690	\$4,308	2	New Castle
Analytical Biological Services	\$3,690	\$5,815	2	New Castle
Atlantis Industries Corporation	\$37,410	\$45,821	18	Sussex
Fujifilm Imaging Colorants	\$13,104	\$21,782	18	New Castle
Siemens Healthcare Diagnostics	\$34,550	\$36,292	17	New Castle
Johnson Controls	\$48,750	\$243,250	26	New Castle
Compact Membrane Systems, Inc.	\$3,690	\$4,738	2	New Castle
Techmer PM	\$1,845	\$2,520	1	New Castle
New Process Fibre Company, Inc.	\$26,856	\$52,443	62	Sussex
Arrow Safety Device Co	\$19,886	\$31,170	9	Sussex
Total	\$289,507	\$619,930	271	



# PARTICIPANT PROFILE

SEX		AGE		RACE/ETHNIC GROUP	
Female	33.5%	16-20	0.5%	American Indian	1.00%
Male	66.4%	21-30	20.9%	Asian/Pacific Islander	2.80%
No Response	0.1%	31-55	57.6%	African American	17.40%
		56+	19.7%	Hispanic	6.50%
		No Response	1.3%	White	71.20%
				No Response	1.10%
DISABILITY		VETERAN		MARITAL STATUS	
Yes	1.8%	Yes	10.6%	Married	54.6%
No	96%	No	88.0%	Single	33.5%
No Response	2.2%	No Response	1.4%	Single Parent	5.2%
				Other	4.1%
				No Response	2.6%
RESIDENCE		LIMITED ENGLISH		PUBLIC ASSISTANCE (LAST 90 DAYS)	
DE	84.4%	Yes	8.0%	Unemployment Ins.	0.1%
MD	8.2%	No	89.5%	SSI	0.4%
PA	4.9%	No Response	2.5%	TANF	1.0%
NJ	2.1%			Food Stamps	2.6%
Other	0.1%	AVERAGE SALARY		No Response	95.9%
No Response	0.3%	\$29.90 hour			
EDUCATION LEVEL				EMPLOYMENT STATUS (90 DAYS PRIOR)	
Did Not Complete High School	3.3%	2-Year College Degree	7.80%	Unemployed	1.8%
HS or Equivalent:	27.1%	4-Year College Degree	23.00%	Employed Part Time	1.0%
Post-HS/Training Program	4.9%	Additional Degrees	7.60%	Employed by This Employer	85.0%
Some College:	23.9%	No Response	2.40%	Employed by Other Employer	7.0%
				No Response	5.2%



# Delaware Technical Innovation Program (SBIR/STTR Transition Grants)

DTIP provides companies with the early stage funding they need to pursue research that will lead to commercial products.

The Delaware Division of Small Business's Delaware Technical Innovation Program (DTIP) offers transitional grants for research initiatives. Using the Delaware Strategic Fund, the program focuses on highly competitive Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) projects and provides financing bridging a company's receipt of Phase I and Phase II awards. Eligible companies conduct high-risk, early stage research.

SBIR/STTR research has three phases. During Phase I and II, entrepreneurs, working to prove their ideas have technical merit and economic feasibility, seek funding from the federal government, state government, and private-sector partnerships as their efforts are costly and do not yet generate revenue. In Phase III commercialization, less federal funding is available, meaning entrepreneurs must rely on private investors.

Approximately a dozen federal agencies provide significant SBIR/STTR funding for enterprises in Phase I (awards up to \$163,592) and Phase II (awards up to \$1,093,015). However, despite earning a Phase I federal award, the costs associated with completing a Phase II concept may be beyond some entrepreneurs' means. DTIP grants serve as gap financing for entities that have received a federal Phase I grant and have applied for Phase II. The Division of Small Business can award a matching grant of up to \$50,000 (from the Delaware Strategic Fund) per application, with a limit of five awards per company within a ten-year rolling period.

The following companies received Delaware Technical

Innovation Program grants in FY 18:

- Advanced Materials Technology Inc. – \$50,000
- STF Technologies – \$50,000
- Talos Tech, LLC – \$50,000

## PHASE I & PHASE II DATA

The tables below summarize funding awarded to Delaware entities from January 1, 2009 through June 30, 2018 (end of FY 18).

### FEDERAL DATA

Jan. 1, 2009 – June 30, 2018	# of Delaware Awards	Amount Awarded	Average Award
Phase I Grants	215	\$30,545,523	\$142,072
Phase II Grants	91	\$76,336,824	\$838,866
Total	306	\$106,882,347	N/A

### STATE DATA

Jan. 1, 2009 – June 30, 2018	# of Delaware Awards	Amount Awarded	Average Award
Transitional Grant	38 (23 entities)	\$1,870,000	\$49,211

Of the 38 awards made to Delaware entities in the form of a transitional grant from the Division of Small Business, 40% successfully were awarded federal Phase II funding. And 22% of Delaware entities that received federal Phase II funding utilized Division of Small Business assistance. Without transitional funding from the DTIP program, the research and development necessary to achieve Phase II status would have been compromised.





# GET IN CONTACT WITH US

**DIVISION STAFF ARE KNOWLEDGEABLE, EXPERIENCED AND READY TO HELP. CONTACT US TODAY!**

## OFFICE LOCATIONS

**Dover (and Delaware Tourism Office)**  
99 Kings Highway  
Dover, DE 19901  
(302) 739-4271

**Wilmington Office**  
820 North French Street  
10th Floor  
Wilmington, DE 19801  
(302) 577-8477

## ON THE WEB

**Email**  
[business@state.de.us](mailto:business@state.de.us)

**Website**  
[www.DelBiz.com](http://www.DelBiz.com)

**Facebook**  
[@DelawareSmallBusiness](https://www.facebook.com/DelawareSmallBusiness)

**Twitter**  
[@DelBiz](https://twitter.com/DelBiz)  
[#DelBiz](https://twitter.com/DelBiz)

## DIVISION LEADERSHIP

**Director**  
Damian DeStefano

**Deputy Director**  
Jordan Schulties

**Business Finance Director**  
Regina Mitchell

**Tourism Director**  
Elizabeth Keller

**Communications Director**  
Michael Chesney





SPONSOR: Sen. Sokola & Rep. Q. Johnson

Bushweller	Mitchell
Marshall	Mulrooney
Townsend	Potter
Bonini	Miro
Hocker	Wilson

DELAWARE STATE SENATE  
149th GENERAL ASSEMBLY

SENATE BILL NO. 125

A BOND AND CAPITAL IMPROVEMENTS ACT OF THE STATE OF DELAWARE AND CERTAIN OF ITS AUTHORITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2018; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE; APPROPRIATING FUNDS FROM THE TRANSPORTATION TRUST FUND; AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF THE DELAWARE TRANSPORTATION AUTHORITY; APPROPRIATING SPECIAL FUNDS OF THE DELAWARE TRANSPORTATION AUTHORITY; APPROPRIATING GENERAL FUNDS AND SPECIAL FUNDS OF THE STATE; REVERTING AND REPROGRAMMING CERTAIN FUNDS OF THE STATE; DIRECTING THE DEPOSIT OF CERTAIN FUNDS TO THE GENERAL FUND; SPECIFYING CERTAIN PROCEDURES, CONDITIONS AND LIMITATIONS FOR THE EXPENDITURE OF SUCH FUNDS; AND AMENDING CERTAIN STATUTORY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fourths of all members elected to each house thereof concurring therein):

1           Section 1. **Fiscal Year ~~2017~~ 2018 Capital Improvements Project Schedule Addendum.** The General Assembly  
2 hereby authorizes the following projects in the following amounts for the purposes set forth in this Section 1 and as  
3 described in the Fiscal Year ~~2017~~ 2018 Governor's Recommended Capital Budget and Project Information document. Any  
4 authorization balance (excluding Transportation Trust Fund balances) remaining unexpended or unencumbered by June  
5 30, ~~2019~~ 2020, shall be subject to reversion or reauthorization.

SYNOPSIS

This Bill is the Fiscal Year 2018 Bond and Capital Improvements Act.

Author: Joint Legislative Committee on the Capital Improvement Program



SECTION 1 ADDENDUM  
FISCAL YEAR 2018 CAPITAL IMPROVEMENT PROJECT SCHEDULE

AGENCY/PROJECT	INTERNAL PROGRAM UNIT	BOND AUTHOR- IZATIONS	REAUTHORIZA- TION AND		TRANSPORTATION TRUST FUNDS	ONE-TIME SPECIAL FUNDS	TOTAL
			REPRO-	GRAMMING			
DELAWARE ECONOMIC DEVELOPMENT OFFICE	10-03-03	\$ -	\$	10,000,000	\$ -	\$ -	10,000,000
	10-03-03	-	-	800,000	-	-	800,000
	10-03-03	-	-	1,000,000	-	-	1,000,000
	10-03-03	-	-	1,000,000	-	-	1,000,000
	10-03-03	-	-	1,500,000	-	-	1,500,000
	10-03-03	15,000,000	-	-	-	-	15,000,000
	10-03-03	-	-	2,880,000	-	-	2,880,000
	10-03-03	-	-	1,000,000	-	-	1,000,000
	10-03-03	-	-	2,500,000	-	-	2,500,000
	10-03-03	-	-	1,750,000	-	-	1,750,000
Subtotal:		\$ 15,000,000	\$ 22,430,000	\$ -	\$ -	\$ -	37,430,000
DELAWARE STATE HOUSING AUTHORITY	10-08-01	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	6,000,000
	10-08-01	8,075,000	425,000	-	-	-	8,500,000
	Subtotal:	\$ 14,075,000	\$ 425,000	\$ -	\$ -	\$ -	14,500,000
STATE	20-06-01	\$ 550,000	\$ -	\$ -	\$ -	\$ -	550,000
	20-08-01	2,251,197	-	-	-	-	2,251,197
	20-08-01	500,000	-	-	-	-	500,000
	20-08-01	850,000	-	-	-	-	850,000
	20-08-01	500,000	-	-	-	-	500,000
	20-08-01	150,000	-	-	-	-	150,000
	Subtotal:	\$ 4,801,197	\$ -	\$ -	\$ -	\$ -	4,801,197
HEALTH AND SOCIAL SERVICES	35-01-30	\$ 4,750,000	\$ -	\$ -	\$ -	\$ -	4,750,000
	35-05-20	-	-	1,770,000	-	-	1,770,000
	Subtotal:	\$ 4,750,000	\$ -	1,770,000	\$ -	\$ -	6,520,000

**Section 2. Authorization of Twenty-Year Bonds.** The State hereby authorizes the issuance of bonds, to which the State shall pledge its full faith and credit, such bonds to be issued in such principal amount as necessary to provide proceeds to the State in the amount of ~~\$202,420,000~~ \$207,290,000 and in the amount of ~~\$32,454,882~~ \$70,284,131 local share of school bonds. Bonds authorized to be used by this Section shall mature not later than 20 years from their date of issuance. The proceeds of such bonds, except for local share of school bonds, are hereby appropriated for a portion of the purposes set forth in Section 1 Addendum of this Act and summarized as follows:

Department, Agency or Instrumentality	Amount
<del>Legislative</del>	<del>\$3,600,000</del>
Office of Management and Budget	<del>41,957,155</del> <u>31,419,448</u>
Delaware Economic Development Office	<del>16,150,000</del> <u>15,000,000</u>
Delaware State Housing Authority	<del>12,775,000</del> <u>14,075,000</u>
State	<del>8,952,045</del> <u>4,801,197</u>
Health and Social Services	4,750,000
Services for Children, Youth and Their Families	200,000
Correction	3,135,400
Natural Resources and Environmental Control	<del>17,975,800</del> <u>3,922,746</u>
University of Delaware	5,500,000
Delaware State University	5,500,000
Delaware Technical Community College	5,500,000
Education	<del>76,424,600</del> <u>113,486,209</u>

Purpose	State Share	Maximum Local Share	Total Cost
<del>Minor Capital Improvement and Equipment</del>	<del>\$10,900,000</del>	<del>\$5,442,282</del>	<del>\$16,342,282</del>
<del>Architectural Barrier Removal</del>	<del>160,000</del>	<del>106,700</del>	<del>266,700</del>
<del>Cape Henlopen, Construct 720 Student ES (60/40)</del>	<del>4,951,800</del>	<del>3,301,200</del>	<del>8,253,000</del>
<del>Cape Henlopen, Sussex Consortium Additions to Beacon MS (100% State)</del>	<del>535,000</del>		<del>535,000</del>
<del>Cape Henlopen, 10 Additional Classrooms for Sussex Consortium at 720 Student ES</del>	<del>3,397,600</del>		<del>3,397,600</del>



<u>Department of Education</u>	
<u>Cape Henlopen, Supplementary Funds for</u>	
<u>Sussex Consortium Building (100% State)</u>	5,739,301
<u>Appoquinimink, Construct 1,000 Student MS and</u>	
<u>1,600 Student HS (100% State)</u>	3,416,266
<u>Appoquinimink, Construct 840 Student ES (100% State)</u>	6,972,197

**TOTAL \$23,523,400**

**Section 5. General Fund Reprogramming.** (a) Notwithstanding the provisions of any other state law, the General Assembly hereby directs the State Treasurer to transfer appropriation balances, not in excess of the balances below from the following General Fund projects and reauthorizes the funds to the departments listed in subsection (b) of this Section, according to the purposes in the Section 1 Addendum of this Act.

<u>Department, Agency or Instrumentality</u>	<u>Appropriation Code</u>	<u>Amount</u>
<u>Office of Management and Budget</u>		
<u>New Jobs Infrastructure Fund</u>	2012-10-02-11-50369	\$1,745,875.64
<u>Troop 3, Camden</u>	2012-10-02-50-50363	793.00
<u>Troop 3, Camden</u>	2015-10-02-50-50363	3,061.00
<u>Delaware Economic Development Office</u>		
<u>New Jobs Infrastructure Fund</u>	2016-10-03-03-50369	7,500,000.00
<u>State</u>		
<u>Delaware Veterans Cemetery Expansion</u>	2016-20-01-02-59932	310,000.00
<u>Delaware Veterans Cemetery Expansion</u>	2016-20-01-02-59933	122,000.00
<u>Department of Health and Social Services</u>		
<u>B/P DASCES Replacement</u>	2015-35-10-01-59900	684,078.00
<u>Delaware National Guard</u>		
<u>Dagsboro Field Maintenance Shop</u>	2016-76-01-01-50092	200,000.00
<u>Department of Education</u>		
<u>Christina, Construct 800 Pupil MS</u>	2006-95-33-00-50040	134,801.00
<b><u>TOTAL</u></b>		<b><u>\$10,700,608.64</u></b>

<u>(b) Department, Agency or Instrumentality</u>	<u>Amount</u>
<u>Office of Management and Budget</u>	
<u>Minor Capital Improvements - Veterans Home</u>	\$100,000.00
<u>James T. Vaughn Correctional Center</u>	
<u>Building C Contingency</u>	3,854.00
<u>Combined Support Maintenance Shop</u>	532,000.00
<u>City of Wilmington Education Initiatives</u>	818,879.00

<u>Delaware Economic Development Office</u>	
<u>Delaware Strategic Fund</u>	9,245,875.64

**TOTAL \$10,700,608.64**

**TOTAL — \$3,188,647**

Department, Agency or Instrumentality	Appropriation Code	Amount
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State Treasurer

GO B	2010-12-05-03-25073	\$4,183.54
GO B	2013-12-05-03-25073	7,859.45
GO B	2014-12-05-03-25073	16,944.74
GO B	2016-12-05-03-25073	31,845.29
GO C	2009-12-05-03-25074	8,332.65
GO C	2010-12-05-03-25074	20,114.00
GO D	2009-12-05-03-25075	20,222.62
GO D	2010-12-05-03-25075	5,626.60
GO A	2011-12-05-03-25076	14,064.93
GO A	2014-12-05-03-25076	7,224.63
GO A	2016-12-05-03-25076	160,688.64
GO A	2017-12-05-03-25076	130,629.27

Finance

Debt Reduction Fund	2017-25-01-01-20063	15,608,329.00
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**TOTAL \$16,036,065.36**

(b) Department, Agency, or Instrumentality

Office of Management and Budget

Minor Capital Improvement and Equipment	\$7,447
Architectural Barrier Removal	150,000

Delaware Economic Development Office

Riverfront Development Corporation	276,859
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Delaware State Housing Authority

Housing Development Fund — Affordable Rental Housing Program	1,300,000
Urban Redevelopment	225,000

Safety and Homeland Security

Twin Engine Helicopter Lease/Payment	1,029,341
City of Wilmington Police Department for Overtime to Combat Violent Crime	200,000

**TOTAL — \$3,188,647**

(b) Department, Agency, or Instrumentality	Amount
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Office of Management and Budget

Local Law Enforcement Laptop Replacement	\$340,224.00
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Delaware Economic Development Office

Delaware Strategic Fund	754,124.36
Experimental Program to Stimulate Competitive Research- Research Infrastructure Improvement (EPSCoR-RII)	800,000.00
Delaware Clinical and Translational Research (CTR)	1,000,000.00
IDeA Network of Biomedical Research Excellence (INBRE)	1,000,000.00
Fraunhofer Vaccine Development	1,500,000.00
Riverfront Development Corporation	2,880,000.00



Bioscience Center for Advanced Technology (CAT)	1,000,000.00
National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL)	2,500,000.00
Rapid Advancement in Process Intensification Deployment (RAPID)	1,750,000.00
<u>Delaware State Housing Authority</u>	
Urban Redevelopment	425,000.00
<u>Natural Resources and Environmental Control</u>	
Shoreline and Waterway Management	3,329.00
Redevelopment of Strategic Sites (Fort DuPont)	250,000.00
Delaware Bayshore Initiative	335,029.00
Tax Ditches	300,000.00
<u>Safety and Homeland Security</u>	
Twin Engine Helicopter Lease/Payment	1,168,359.00
<u>Fire Prevention Commission</u>	
Hydraulic Rescue Tools	30,000.00

**TOTAL \$16,036,065.36**

**Section 8. Transfer from the State Treasurer's School Bond Reversion Account - Christina Middle**

**School Property Sale Proceeds.** Notwithstanding the provisions of any other state law, the State Treasurer shall transfer, as funds become available, the sum of \$2,928,491 from the State Treasurer's School Bond Reversion Account - Christina Middle School Property Sale Proceeds (17-12-05-03-25173) to the following department in the following amount for the purpose set forth in the Section 1 Addendum of this Act.

<u>Department, Agency or Instrumentality</u>	<u>Amount</u>
<u>Education</u>	
Appoquinimink, Construct 1,000 Student MS and	
1,600 Student HS (100% State)	\$2,215,791
Christina, Renovate Brennan School (100% State)	712,700
<b><u>TOTAL</u></b>	<b><u>\$2,928,491</u></b>

**Section 9. Prefatory Language.** This Act has been prepared in conformance with 78 Del. Laws, c. 90. For all sections with the exception of Section 1 Addendum, all comparisons to the previous year's Budget Act are shown noting insertions by underlining and deletions by strikethrough.

**Section 10. Open Space Funding.** For the fiscal year ending June 30, ~~2017~~ 2018, 30 Del. C. § 5423(b)(2) and § 5423(c)(1) shall be waived.

**Section 11. Farmland Preservation Funding.** Notwithstanding the provisions of 30 Del. C. § 5426 for the fiscal year ending June 30, ~~2017~~ 2018, the State shall transfer \$3,000,000 of realty transfer taxes to the Farmland Preservation Fund maintained under 3 Del C. § 905(a).

1 **DELAWARE ECONOMIC DEVELOPMENT OFFICE**

2 **Section 37. Composites Research.** The Delaware Economic Development Office (DEDO) is authorized to  
3 provide a match of up to \$100,000 to the University of Delaware Center for Composite Materials for federal research  
4 grants received that support the development and application of composite manufacturing technology for the benefit  
5 of Delaware companies. Such match shall be disbursed from the Delaware Strategic Fund upon documentation of the  
6 receipt of federal funds allocated to the center during the fiscal year for these purposes and upon documentation of  
7 the relevance of these research projects to Delaware industries' needs and their participation within said projects.

8 **Section 38. Kalmar Nyckel.** The scheduling of the Kalmar Nyckel by non-state entities shall require the  
9 approval of the Riverfront Development Corporation. Further, the Riverfront Development Corporation is encouraged  
10 to enter into negotiations with interested parties to review the disposition of loans to the Kalmar Nyckel.

11 **Section 39. Transportation Property Disposition.** The proceeds from the future sale of parcels of land the  
12 Department of Transportation acquired on Beech Street in the City of Wilmington and Delmarva Properties located in  
13 the Wilmington Riverfront area shall be deposited to the Transportation Trust Fund.

14 **Section 40. Council on Development Finance.** If DEDO makes an award not in agreement with the  
15 recommendations of the Council on Development Finance, the Director of DEDO shall notify the Co-Chairs of the  
16 Joint Legislative Committee on the Capital Improvement Program within 10 business days. The notification shall  
17 include details of the actual award, the Council recommendations on the proposal and a justification for why DEDO  
18 did not follow the recommendations of the Council.

19 **Section 41. New Markets Tax Credit Program.** In the event that the Director of DEDO and the Secretary  
20 of Finance determine that it is advisable to apply for participation in the New Markets Tax Credit Program under the  
21 U.S. Treasury Department, the Director is authorized to form a business entity or organization to apply for and manage  
22 this program on behalf of the State, as required by applicable federal legislation and regulations. Any such application  
23 for said program shall be subject to the approval of the Co-Chairs of the Joint Legislative Committee on the Capital  
24 Improvement Program and the Delaware State Clearinghouse Committee. Should such application receive final  
25 approval by the U.S. Treasury Department or other federal governmental entity charged with such authority, at least  
26 one public hearing shall be held for the purpose of presenting the program, the availability of financial assistance and  
27 the selection process.



1           **Section 42. Federal Research and Development Matching Grant Program.** (a) Section 1 Addendum of  
2 79 Del. Laws, c. 292 makes an appropriation to support federal research and development grants to Delaware  
3 institutions. The program will be administered through DEDO. Funding requests will be solicited yearly from the  
4 University of Delaware, Delaware State University, Delaware Technical Community College and Wesley College  
5 and reviewed by a committee consisting of two representatives from each public institution and three representatives  
6 of Delaware-based companies appointed by the Governor. The proposed work must complement and extend an on-  
7 going federally funded project or assist with start-up costs. Allowable budget categories include salaries and benefits  
8 for new graduate students and post-doctoral students, supplies and expenses to support the research of these  
9 individuals including infrastructure and capital purchases for equipment necessary to launch, support and sustain the  
10 research activities. Requests are capped at \$100,000 per year.

11           (b) DEDO shall evaluate the impact and benefits of the program and findings shall be provided to the Joint  
12 Legislative Committee on the Capital Improvement Program no later than May 1, 2017.

13           **Section 43. Emerging Technology Center.** Notwithstanding any other law to the contrary, funds  
14 appropriated to DEDO for the Delaware Emerging Technology Center (ETC), pursuant to 74 Del. Laws, c. 308 §  
15 36(c), shall be expended by DEDO for the purpose of operating the ETC. Operating expenses may include, but are  
16 not limited to: ETC software licensing agreements; Delaware sponsored ETC investor forums, businesses plan  
17 competitions and conferences and marketing campaigns; and Intellectual Property Business Creation program  
18 implementation initiatives.

19           **Section 44. Riverfront Development Corporation.** (a) Funds appropriated for the Riverfront  
20 Development Corporation of Delaware (RDC) shall be disbursed to a special fund to be known as the Riverfront  
21 Development Corporation Fund hereinafter referred to as the Fund.

22           (b) The Fund shall be invested by the State Treasurer in securities consistent with the policies established  
23 by the Cash Management Policy Board. All monies generated by the Fund shall be deposited in the Fund.

24           (c) Funds appropriated to DEDO for RDC shall be expended only with the approval of the Board of  
25 Directors of RDC. Funds may only be expended for activities related to the redevelopment of the Brandywine and  
26 Christina riverfront areas, including: planning and design studies; the acquisition, construction and improvement of  
27 real property; environmental remediation; costs of operations and administration; conversion of the Chase Center on  
28 the Riverfront to a conference center; debt service; and other expenses in furtherance of the mission of RDC.

1           **Section 45. Limited Investment for Financial Traction (LIFT) and Delaware Rural Irrigation**

2   **Program (DRIP) Initiatives.** Notwithstanding any other law to the contrary, DEDO is hereby authorized to pay  
3   administrative fees associated with LIFT and DRIP Initiatives from the Delaware Strategic Fund not to exceed 2  
4   percent of the program total.

5           **Section 46. Diamond State Port Corporation.** (a) Section 1 Addendum of this Act makes an appropriation  
6   to the Diamond State Port Corporation (DSPC). It is the intent of the General Assembly and the Administration that  
7   said funds represent funding for infrastructure improvements. No funds may be expended from this appropriation  
8   without the approval of the Board of Directors of the Port Corporation. In addition, DSPC may borrow, on an interest-  
9   free basis, \$2,000,000 of this authorization to meet its short-term operating expenses ~~during Fiscal Year 2017~~.

10          (b) 29 Del. C. c. 95, regarding real property acquisition by state agencies, shall not apply to the Diamond  
11   State Port Corporation, which is governed by the provisions of 29 Del. C. c. 87, Subchapter II.

12          **Section 47. Delaware Civic Center Corporation.** DEDO is directed to renew the corporate status of the  
13   Delaware Civic Center Corporation (DCCC) pursuant to the General Corporation Law of this State. Following  
14   renewal, the Board of Directors of DCCC shall meet to dissolve the corporation pursuant to the General Corporation  
15   Law of this State and shall transfer all of its assets pursuant to Article 14 of its Certificate of Incorporation. DEDO  
16   shall pay all reasonable and necessary expenses related to the renewal and dissolution of DCCC, subject to approval  
17   by the Director of the Office of Management and Budget and the Controller General.

18          **Section 48. Innovation Centers.** The agency shall utilize the Strategic Fund to encourage and invite  
19   proposals targeted at innovation to support the establishment or expansion of one or more Innovation Centers. The  
20   mission of the Innovation Center(s) shall be creation of wealth by new and growing high tech businesses in Delaware  
21   that have global impact. The innovation process shall involve assisting in the identification of new product and process  
22   ideas that will succeed and the means of taking these new ideas to market. The Center(s) will facilitate the marrying of  
23   the resources of Delaware's labor force, academic institutions and technical resources to the expertise of a select group  
24   of entrepreneurs who understand opportunity, as well as the means to develop it.

25          **Section 49. Mill Creek Fire Company Land Conveyance.** Notwithstanding any other law to the contrary,  
26   the Delaware Economic Development Authority (DEDA) is authorized to execute and deliver to the Mill Creek Fire  
27   Company a good and sufficient deed to transfer all property interests in 0.99 acres of land at 3808 Kirkwood Highway,  
28   Wilmington, Delaware 19808 (New Castle County Tax Parcel Number 0803930082), recorded in the New Castle



1 County Recorder of Deeds Book T126, Pages 216-219, to the Mill Creek Fire Company for the consideration of one  
2 dollar (\$1.00). The deed to the aforesaid real property shall contain a provision whereby DEDA shall have the right of  
3 first refusal to the property in the event the Mill Creek Fire Company wishes to vacate the property. If DEDA does not  
4 exercise its right of first refusal, proceeds from the sale of said property directly related to the value of the land minus  
5 capital improvements borne by the Mill Creek Fire Company shall accrue to DEDA. The Mill Creek Fire Company  
6 shall be liable for all transaction costs associated with the property conveyance and receive the property in "as is"  
7 condition.

8 **Section 50. Fraunhofer Vaccine Development.** ~~The Section 1 Addendum of 80 Del. Laws, c. 299~~  
9 ~~appropriated funding for to this Act appropriates~~ the remaining \$1,000,000 for Fraunhofer Vaccine Development for  
10 the final year of a six-year commitment by the State of Delaware which completes a 2:1 matching grant of  
11 \$18,000,000 from Fraunhofer USA. It is the intent of the General Assembly to renew said commitment for an  
12 additional five years effective July 1, 2017 to continue a 2:1 match totaling \$15,000,000 from Fraunhofer USA (\$3.0M  
13 per year from Fraunhofer USA to match the State's \$1.5M per year).

14 **Section 51. Formation of a Public-Private Partnership.** The Section 1 Addendum of this Act appropriates  
15 \$10,000,000 to the Delaware Strategic Fund. It is the intent of the General Assembly that no more than \$2,000,000 of  
16 this appropriation may be used to support a non-profit public-private organization for the purposes of economic  
17 development. Funding shall only be allocated to the organization upon certification in writing by the Director of the  
18 Office of Management and Budget that an annual private sector contribution of at least \$1,000,000 for no fewer than 3  
19 years to support the public-private non-profit organization has been committed.

20 **Section 52. Director Responsibilities.** Any responsibilities granted to the Director of DEDO and/or the  
21 Delaware Economic Development Office outlined herein, and any authority to distribute funds allocated to the  
22 Delaware Economic Development Office or the Delaware Economic Development Authority through the Section 1  
23 Addendum of this Act, shall transfer to the Secretary of State or his or her designee and the Department of State upon  
24 enactment of legislation eliminating the position of Director of DEDO and the Delaware Economic Development  
25 Office.

**FISCAL YEAR 2018 CAPITAL BUDGET SUPPLEMENT**  
**SECTION 1 ADDENDUM**  
**CAPITAL IMPROVEMENT PROJECT SCHEDULE**

AGENCY	AGENCY/PROJECT	FY 2017	FY 2018
<b>10-03 - DELAWARE ECONOMIC DEVELOPMENT OFFICE</b>			
	Delaware Strategic Fund	\$ 10,000,000	\$ 10,000,000
	Experimental Program to Stimulate Competitive Research-Research Infrastructure Improvement (EPSCoR-RII)	600,000	800,000
	Delaware Clinical and Translational Research (CTR)	1,000,000	1,000,000
	IDeA Network of Biomedical Research Excellence (INBRE)	1,000,000	1,000,000
	Fraunhofer Vaccine Development	1,000,000	1,500,000
	Diamond State Port Corporation	15,800,000	15,000,000
	Riverfront Development Corporation	2,880,000	2,880,000
	Bioscience Center for Advanced Technology (CAT)	1,000,000	1,000,000
	National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL)		2,500,000
	Rapid Advancement in Process Intensification Deployment (RAPID)		1,750,000
	Delaware Stadium Corporation	250,000	
	Kalmar Nyckel	100,000	
		<b>\$ 33,630,000</b>	<b>\$ 37,430,000</b>
<b>10-08 - DELAWARE STATE HOUSING AUTHORITY</b>			
	Housing Development Fund - Affordable Rental Housing Program	\$ 6,000,000	\$ 6,000,000
	Urban Redevelopment	8,300,000	8,500,000
		<b>\$ 14,300,000</b>	<b>\$ 14,500,000</b>
<b>20 - STATE</b>			
	Museum Maintenance	\$ 550,000	\$ 550,000
	Rt. 9/13 (Garfield Park) Public Library	7,376,975	2,251,197
	Duck Creek Regional Library	2,000,000	500,000
	Harrington Public Library	1,203,500	850,000
	Delmar Public Library		500,000
	Millsboro Public Library		150,000
	Selbyville Public Library	150,000	
		<b>\$ 11,280,475</b>	<b>\$ 4,801,197</b>
<b>35 - HEALTH AND SOCIAL SERVICES</b>			
	Maintenance and Restoration	\$ 4,750,000	\$ 4,750,000
	Drinking Water State Revolving Fund	1,770,000	1,770,000
		<b>\$ 6,520,000</b>	<b>\$ 6,520,000</b>
<b>37 - SERVICES FOR CHILDREN, YOUTH AND THEIR FAMILIES</b>			
	Maintenance and Restoration	\$ 200,000	\$ 200,000
		<b>\$ 200,000</b>	<b>\$ 200,000</b>
<b>38 - CORRECTION</b>			
	Maintenance and Restoration	\$ 3,135,400	\$ 3,135,400
		<b>\$ 3,135,400</b>	<b>\$ 3,135,400</b>





SPONSOR: Rep. M. Smith & Sen. McDowell  
Carson Bushweller  
Heffernan Ennis  
J. Johnson Poore  
Kenton  
Ramone

HOUSE OF REPRESENTATIVES  
149th GENERAL ASSEMBLY

HOUSE SUBSTITUTE NO. 1  
FOR  
HOUSE BILL NO. 275

AN ACT MAKING APPROPRIATIONS FOR THE EXPENSE OF THE STATE GOVERNMENT FOR THE FISCAL YEAR ENDING JUNE 30, 2018; SPECIFYING CERTAIN PROCEDURES, CONDITIONS AND LIMITATIONS FOR THE EXPENDITURE OF SUCH FUNDS; AND AMENDING CERTAIN PERTINENT STATUTORY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. The several amounts named in this Act, or such part thereof as may be necessary and essential to the  
2 proper conduct of the business of the agencies named herein, during the fiscal year ending June 30, ~~2017~~ 2018, are hereby  
3 appropriated and authorized to be paid out of the Treasury of the State by the respective departments and divisions of State  
4 Government, and other specified spending agencies, subject to the limitations of this Act and to the provisions of Title 29,  
5 Part VI, Delaware Code, as amended or qualified by this Act, all other provisions of the Delaware Code notwithstanding.  
6 All parts or portions of the several sums appropriated by this Act which, on the last day of June ~~2017~~ 2018, shall not have  
7 been paid out of the State Treasury, shall revert to the General Fund; provided, however, that no funds shall revert which  
8 are encumbered pursuant to 29 Del. C. § 6521.

9 The several amounts hereby appropriated are as follows:

SYNOPSIS

This Substitute is the Fiscal Year 2018 Appropriation Act.

**(10-00-00) EXECUTIVE**

Personnel			\$ Program		\$ Line Item	
NSF	ASF	GF	ASF	GF	ASF	GF
<b>(10-03-00) Delaware Economic Development Office</b>						
<b>(10-03-01) Office of the Director</b>						
		9.0				964.9
						2.0
					109.5	1.7
					5.9	1.6
					9.8	
		9.0			125.2	970.2
<b>(10-03-02) Delaware Tourism Office</b>						
	9.0				665.1	
					20.0	
					794.3	
					15.0	
					15.0	
					775.0	
					22.8	
					9.6	
	9.0				2,316.8	
<b>(10-03-03) Delaware Economic Development Authority</b>						
	5.0	19.0			307.1	1,879.8
					20.0	4.3
					318.0	
					1.5	
					10.0	12.4
					30.0	6.6
					400.0	111.5
					1,700.1	
					320.9	
					300.0	
					25.0	
	5.0	19.0			3,432.6	2,014.6
	14.0	28.0			5,874.6	2,984.8

1           **Section 80.** Section 1 of this Act appropriates ~~\$1,000.0~~ 374.0 for statewide technology to Executive,  
2   Office of Management and Budget, Contingencies and One-Time Items (10-02-11). These funds are to be used for  
3   the purpose of providing ongoing replacement needs associated with statewide IT initiatives and/or wireless Internet  
4   connectivity in state facilities (e.g., replacement of computers and network switches).

5           **Section 81.** The Delaware Economic Development Office, Delaware Economic Development Authority  
6   (10-03-03) will continue to use revenue from the Blue Collar Training Fund for the Workforce Development Grant.  
7   Funding for this grant shall be maintained at current levels.

8           **Section 82.** Section 1 of this Act appropriates ~~\$2,418.6~~ \$2,316.8 ASF to Executive, Delaware Economic  
9   Development Office, Delaware Tourism Office (10-03-02). Of this amount, ~~\$909.2~~ \$807.4 shall be allocated to  
10  "Other Items" as designated in Section 1 of this Act and payable by the Delaware Tourism Office in quarterly  
11  allotments. The first installment shall be paid by September 30 of each fiscal year or as otherwise approved by the  
12  Director of OMB and the Controller General.

13          **Section 83.** Notwithstanding the provisions of any other law, for the fiscal year ending June  
14  30, ~~2017~~ 2018, interest earnings of the Delaware Strategic Fund as provided for in 29 Del. C. § 5027, shall to the  
15  extent of such interest earnings, be used in the following order and manner, not to exceed the amounts so noted:

16          (a) The first \$446.1 shall be used for the general operating expenses of the Delaware Economic  
17  Development Office, as determined by the Director of the Delaware Economic Development Office. Should interest  
18  earnings not be available by September 1, funding shall be made available directly from the Strategic Fund.

19          (b) The second \$150.0 shall be allocated as follows: \$125.0 to the New Castle County Chamber of  
20  Commerce's business incubator, the Emerging Enterprise Center and \$25.0 to the Middletown Chamber of  
21  Commerce business incubator.

22          (c) The third \$400.0 shall be used for the general operating expenses of the Small Business Development  
23  Center. Should interest earnings not be available by December 31, ~~2016~~ 2017, the center shall receive funding  
24  directly from the Strategic Fund for said expenses and shall waive further interest earnings for that period.

25          (d) The fourth \$300.0 shall be used to continue the Delaware Business Marketing Program within the  
26  Delaware Economic Development Authority (10-03-03). Should interest earnings not be available by September 1,  
27  funding shall be made directly from the Strategic Fund. It is the intent of the General Assembly that these funds  
28  shall be used for business marketing and recruitment. These funds may be used together with non-state contributions



1 to the Delaware Business Marketing Program. However, in the event that non-state contributions are not available,  
2 or in the event such contributions are insufficient to fully access the resources of the Delaware Business Marketing  
3 Program, it is the intent of the General Assembly that the Delaware Business Marketing Program shall continue to  
4 fully operate using only the interest earnings on the Delaware Strategic Fund as provided for in 29 Del. C. § 5027.

5 In the event that non-state contributions are available, they may be made in cash or in-kind. Non-state cash  
6 contributions shall be deposited in a special fund for business marketing and recruitment purposes only. Non-state  
7 in-kind contributions shall be valued at their fair market value and documented by the Delaware Economic  
8 Development Authority in connection with the Delaware Business Marketing Program.

9 When non-state contributions are used, expenditures of the program shall be divided between non-state  
10 contributions and state funds for any fiscal year's appropriations such that non-state contributions are not less than  
11 50 percent of total expenditures. Of the 50 percent non-state contributions, up to 25 percent shall be cash  
12 contributions, and up to 25 percent shall be in-kind contributions. These funds shall not be used for hiring full-time  
13 employees. Allocations shall be made by the Director of the Delaware Economic Development Office with the  
14 approval of the Director of OMB and the Controller General.

15 On or before April 1, ~~2017~~ 2018, the Director of the Delaware Economic Development Office shall provide  
16 to the Director of OMB and the Controller General a report on the Delaware Business Marketing Program. The  
17 report shall include an itemized list of all non-state cash and in-kind contributions received, total expenditures and  
18 an assessment of the program to date.

19 (e) The fifth \$150.0 shall be used to provide customized information technology training to small and  
20 medium-sized businesses through grants made by Delaware Technical Community College I.T. Learning Center.

21 (f) Any remaining funds shall be used for the purposes of the Delaware Strategic Fund.

22 **Section 84.** Of the ASF allocated to the Delaware Tourism Office (10-03-02) pursuant to 30 Del. C. §  
23 6102(b) contained in Section 1 of this Act, ~~\$95.0~~ \$22.8 is authorized for the Kalmar Nyckel. During the period  
24 beginning July 1, ~~2016~~ 2017, and ending on June 30, ~~2017~~ 2018, the State of Delaware, through the Delaware  
25 Tourism Office, and the Riverfront Development Corporation, shall be entitled to charter the Kalmar Nyckel. Said  
26 use is to include docked guest entertaining privileges and/or day sails at no cost for as many State of Delaware  
27 guests as is consistent with Kalmar Nyckel safety policies. Scheduling for State and Riverfront Development

Corporation use of the Kalmar Nyckel shall be at mutually agreeable times and locations to the Kalmar Nyckel, the Delaware Tourism Office on behalf of the State of Delaware and the Riverfront Development Corporation.

**Section 85.** The Kalmar Nyckel Foundation shall provide to the Delaware Economic Development Office, OMB and the Controller General's Office financial reports detailing year to date expenditures and revenues as well as projected expenditures and revenues for the remainder of the fiscal year. Such reports shall be due October 1 and March 1 of each fiscal year.

**Section 86.** Contingent upon legislation establishing the Delaware Prosperity Partnership;

(a) The Director of the Office of Management and Budget, upon approval of the Controller General, shall:

(1) Establish the Division of Tourism and Small Business Development as a separate internal program unit in the Department of State, Office of the Secretary (20-01-00) to provide services and outreach for the establishment, retention and expansion of small businesses into local and regional marketplaces as well as the promotion of local commerce and tourism. This new division shall be comprised of up to 25.0 FTEs (all funds) currently within the Delaware Economic Development Office that support tourism, small business development, supplier diversity and administering publicly-funded economic development incentive programs such as the Strategic Fund, Main Street and the Blue Collar Workforce Training Grant.

(2) Transfer savings, not to exceed \$2,000.0, including the deauthorization of up to 18.0 FTEs (all funds), to the Delaware Strategic Fund to support economic development functions assumed by the Delaware Prosperity Partnership and no longer performed by the Delaware Economic Development Office or the Delaware Center for Global Trade in the Department of State. Said functions include, but are not limited to, business marketing and attraction statewide, supporting an innovation-based economy, partnering with employers, the K-12 education system and other workforce related organizations to identify and address the workforce needs of Delaware and conducting industry-specific analysis that could impact Delaware's economy.

(b) The Delaware Economic Development Office shall provide a transition report to the Joint Finance Committee no later than December 31, 2017.

**Section 87.** Section 1 of this Act appropriates funding for 1.0 FTE Senior Secretary in Executive, Criminal Justice, Criminal Justice Council (10-07-01) to be used as dedicated secretarial support for the Executive Director of