



LARRY HOGAN
GOVERNOR

STATE HOUSE
100 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401-1925
(410) 974-3901
(TOLL FREE) 1-800-811-8336

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HB 612 Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act

House Ways & Means and Economic Matters Committees

February 4, 2021

Keiffer Mitchell, Chief Legislative Officer

Alexandra Keane, Deputy Legislative Officer

Secretary Kelly Schulz, Maryland Department of Commerce

Secretary Tiffany Robinson, Maryland Department of Labor

Deputy Secretary Marc Nicole, Department of Budget & Management

Chair Kaiser, Vice-Chair Washington, and Members of the House Ways and Means and Economic Matters Committee:

The Governor asks for your favorable report on House Bill 612- Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act. The COVID-19 pandemic has caused devastating economic hardship for so many struggling Marylanders and small businesses. The primary focus for Governor Hogan during the 2021 session is to provide immediate relief to the hundreds of thousands of struggling families, and the tens of thousands of small businesses that have been impacted by the pandemic.

House Bill 612 provides over \$1 billion in immediate and targeted financial relief and tax cuts to Maryland working families and small businesses that have lost their jobs and suffered financially as a result of the COVID-19 pandemic. A summary of the bill's provisions includes:

- **Provides direct stimulus payments for low-to-moderate income Marylanders** with benefits of up to \$750 for families and \$450 for individuals. This relief begins with immediate payments of \$500 for families and \$300 for individuals who filed for the Earned Income Tax Credit, followed by a second-round stimulus for EITC filers that would provide an additional \$250 for eligible families and \$150 for individuals. This relief will directly help more than 400,000 Marylanders.
- **Repeals all state and local income taxes on unemployment benefits**, providing further support and assistance for Marylanders who have lost their jobs.

- **Supporting small businesses with sales tax credits** of up to \$3,000 per month for four months—for a total of up to \$12,000. This relief will directly help more than 55,000 Maryland small businesses. Eligible businesses will include those that have gross revenues of less than \$1.2 million. This relief is automatic and based on a sliding scale up to \$3,000. For example, if you are a business with \$100,000 in monthly revenue and you collect \$6,000 in sales taxes, you only remit \$3,000. If you have \$50,000 in monthly revenue and you collect \$3,000 in sales taxes, you keep all \$3,000.
- **Extends unemployment tax relief for small businesses**, staving off sudden and substantial tax hikes in 2021. This provision codifies an emergency order the governor issued last month.
- **Loan and grant forgiveness plan** would safeguard Maryland business owners against any tax increase triggered by the use of state loan or grant funds. This relief would come at a net zero cost to the state while saving businesses an estimated \$40 million.