



To Lead, Advocate and Connect as the Voice of Business

**House Bill 612 - Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families
(RELIEF) Act**

Ways and Means Committee

February 4, 2021

SUPPORT

The Montgomery County Chamber of Commerce (MCCC), as the voice of Montgomery County business, strongly supports House Bill 612. This emergency bill includes incredibly important provisions for the business community as a response to the COVID-19 global pandemic including: authorizes certain businesses to retain an increased sales and use tax vendor credit; excludes fiscal 2020 and 2021 from the multi-year lookback periods generally used to establish employer UI taxes each year; exempts from the State income tax certain coronavirus relief payments; and authorizes the Department of Commerce (Commerce) to convert certain business loans into grants.

Over the last 11 months, the Chamber has been actively involved with businesses from across the County and advocating for the issues that are most impacting them during this global pandemic. Among the issues that arose at the state level were unemployment assessment percentage and tax exemption for loans and grants received by any level of government. The bill resolves these two issues and, additionally, includes a sales tax vendor credit. The Chamber strongly supports keeping the following components of the legislation:

- **Exclusion of Pandemic Claims History for Determining Employer Unemployment Insurance Taxes** - In determining an employer's earned rate of contribution for purposes of establishing that employer's UI taxes for the following year, "rating year" does not include fiscal 2020 or 2021.
- **State Income Tax Exemption for Coronavirus Loan Forgiveness and Grants** - In tax years 2020 and 2021, the bill exempts from the State income tax a coronavirus relief payment received by a person. A "coronavirus relief payment" is a federal, State, or local government grant or loan (1) provided to a person for the purpose of assisting with the economic hardships resulting from the coronavirus pandemic and (2) applied for on or after March 5, 2020.
- **Sales and Use Tax Credit for Certain Vendors** - The bill authorizes eligible vendors to retain an increased vendor tax credit for the four consecutive months following the enactment of the bill. The amount of the vendor credit allowed is equal to the lesser of the amount of sales and use tax collected during the month the vendor qualifies for the increased credit or \$3,000.

Each of these provisions will support the small business community in navigating this unprecedented time. The Chamber also supports the additional funding the Maryland Senate added to the legislation including support for non-profits, additional support for restaurant/retail/hospitality, and funding for businesses who do not pay sales tax.

For the aforementioned reasons, **the Chamber strongly supports House 612 and respectfully urges a favorable report.**