HOUSE BILL 612

Q3, C8, K2

EMERGENCY BILL

1lr0134

CF SB 496

By: The Speaker (By Request – Administration)

Introduced and read first time: January 20, 2021

Assigned to: Ways and Means and Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and

3 Families (RELIEF) Act

4 FOR the purpose of authorizing the Maryland Small Business Development Financing

5 Authority to convert up to a certain amount of certain financing provided to certain

6 businesses to grants under certain circumstances; allowing, beginning with a certain

7 taxable year, a subtraction under the Maryland income tax for certain

8 unemployment insurance benefits paid to an individual; allowing, for certain taxable

9 years, a subtraction under the Maryland income tax for certain coronavirus relief

10 payments received by a certain person during the taxable year; requiring the

11 Comptroller to publish certain guidance regarding the subtraction; requiring certain

12 governmental entities, on certain request, to provide certain information to the

13 Comptroller; allowing a subtraction modification under the Maryland income tax for

14 certain State economic impact payments; altering the definition of “rating year” for

15 purposes of excluding certain fiscal years from the calculation of the earned rates of

16 contribution for certain employing units under unemployment insurance law;

17 authorizing certain vendors, under certain circumstances, to take a certain credit

18 against the sales and use tax; requiring the Comptroller to provide certain payments,

19 in a certain manner, to certain individuals eligible to claim the Maryland earned

20 income tax credit for certain taxable years; requiring the Comptroller to report to the

21 Governor and the General Assembly on certain matters on or before certain dates;

22 defining certain terms; providing for the termination of certain provisions of this Act;

23 making this Act an emergency measure; and generally relating to economic

24 development and tax relief.

25 BY repealing and reenacting, without amendments,

26 Article – Economic Development

27 Section 5–501(a) and (b) and 5–549(a), (f), and (h)

28 Annotated Code of Maryland

29 (2018 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.
BY adding to
Article – Economic Development
Section 5–559
Annotated Code of Maryland
(2018 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, without amendments,
Article – Labor and Employment
Section 8–606(a) and 8–610(a)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,
Article – Labor and Employment
Section 8–606(e)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10–207(a), 10–307(a), and 11–105
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

BY adding to
Article – Tax – General
Section 10–207(jj) through (ll) and 10–307(g)(6)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–307(g)(4) and (5)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Economic Development

5–501.

(a) In this subtitle the following words have the meanings indicated.

(b) “Authority” means the Maryland Small Business Development Financing Authority.
In this part the following words have the meanings indicated.

“Program” means the Equity Participation Investment Program.

“Small business” means a business that is classified as a small business under the U.S. Small Business Administration size standards.

This section applies to financing provided under the Program during fiscal years 2021 and 2022 for the purpose of relieving the adverse effects of the Coronavirus pandemic.

The Authority may convert to a grant up to $50,000 of the financing described under subsection (A) of this section that is provided to a small business.

To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

For a taxable year beginning after December 31, 2019, the subtraction under subsection (A) of this section includes the amount of benefits paid to an individual in accordance with Title 8 of the Labor and Employment Article.

In this subsection, “Coronavirus Relief Payment” means a federal, state, or local government grant or loan:

(i) For which a person applied on or after March 5, 2020; and

(ii) That was provided to the person for the purpose of assisting with the economic hardships resulting from the Coronavirus pandemic.

For a taxable year beginning after December 31, 2019, but before January 1, 2022, the subtraction under subsection (A) of this
SECTION INCLUDES THE AMOUNT OF A CORONAVIRUS RELIEF PAYMENT, INCLUDING A LOAN THAT HAS BEEN FORGIVEN, RECEIVED BY THE PERSON DURING THE TAXABLE YEAR.

(3) (i) The Comptroller shall publish guidance to taxpayers regarding eligibility for the subtraction allowed under this subsection, including a list of grants and loans that are eligible for the subtraction.

(II) On request by the Comptroller, a unit of State government or a local government shall provide to the Comptroller the name of the coronavirus relief payment programs administered by the unit or local government and any other requested information regarding those coronavirus relief payments.

(LL) For a taxable year beginning after December 31, 2020, but before January 1, 2022, the subtraction under subsection (A) of this section includes the amount of any state economic impact payment received by an individual in accordance with Chapter ___ or ___ (S.B. ___ or H.B. ___)(1LR0133 or 1LR0134) of the Acts of the General Assembly of 2021.

(a) To the extent included in federal taxable income, the amounts under this section are subtracted from the federal taxable income of a corporation to determine Maryland modified income.

(g) The subtraction under subsection (a) of this section includes the amounts allowed to be subtracted for an individual under:

(4) § 10–207(c–1) of this title (State tax–exempt interest from mutual funds); [or]

(5) § 10–207(hh) of this title (Gain on the transfer of property within the Laurel Park site or Pimlico site or Bowie Race Course Training Center property and income realized as result of governmental expenditures); OR

(6) § 10–207(kk) of this title (Coronavirus relief payments).

(a) (1) Except as provided in subsections (b) and (c) of this section, a vendor who timely files a sales and use tax return is allowed, for the expense of collecting and paying the tax, a credit equal to 0.9% of the gross amount of sales and use tax that the
vendor is to pay to the Comptroller.

(2) The credit allowed under this section does not apply to any sales and use tax that a vendor is required to pay to the Comptroller for any purchase or use that the vendor makes that is subject to the tax.

(b) (1) Subject to paragraph (2) of this subsection, the credit allowed under this section is 1.2% of the first $6,000 of the gross amount of sales and use tax that the vendor is to pay with each return.

(2) For a vendor who files or is eligible to file a consolidated return under § 11–502 of this title, the credit allowed under paragraph (1) of this subsection is 1.2% of the first $6,000 of the gross amount of sales and use tax that the vendor is or would be required to pay with the consolidated return.

(c) (1) The credit allowed under subsection (a) of this section may not exceed $500 for each return.

(2) For a vendor who files or is eligible to file a consolidated return under § 11–502 of this title, the total maximum credit that the vendor is allowed under this section for all returns filed for any period is $500.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Labor and Employment

8–606.

(a) In this Part II of this subtitle the following words have the meanings indicated.

(e) (1) [“Rating] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, “RATING year” means the 12–month period beginning July 1 and ending June 30 immediately preceding the computation date.

(2) “RATING YEAR” DOES NOT INCLUDE:

(I) THE 12–MONTH PERIOD BEGINNING JULY 1, 2019, AND ENDING JUNE 30, 2020; AND

(a) (1) An employing unit that meets the qualifications of this subsection shall be assigned an earned rate of contribution that is based on the experience of the employing unit.

(2) An employing unit qualifies under this subsection if, during each of the 3 rating years immediately preceding the computation date the employing unit:

(i) had an earned rating record that was chargeable with benefits;

and

(ii) reports taxable wages as required by § 8–626 of this subtitle for the 3 rating years immediately preceding the computation date.

(3) An employing unit that does not qualify under paragraph (2) of this subsection qualifies if:

(i) throughout the rating year immediately preceding the computation date, the employing unit had an earned rating record that was chargeable with benefits; and

(ii) during each of the 2 rating years immediately preceding the computation date, the employing unit reports taxable wages as required by § 8–626 of this subtitle for the 2 rating years immediately preceding the computation date.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) This section does not apply to a sale by a marketplace seller, as defined under § 11–101 of the Tax – General Article.

(b) (1) Subject to subsection (d) of this section, a vendor is allowed a credit against the gross amount of sales and use tax for any of the 4 consecutive months immediately following the month in which this Act takes effect if, for that month:

(i) the vendor timely files a sales and use tax return or consolidated return; and

(ii) the gross amount of sales and use tax that the vendor is required to pay with the return does not exceed $6,000.

(2) The credit allowed under paragraph (1) of this subsection is equal to the lesser of:

(i) the amount of sales and use tax collected during the month for which the vendor qualifies for the credit under paragraph (1) of this subsection; or

(ii) $3,000.
(c) A vendor may take the credit provided in paragraph (1) of this subsection by reducing the gross amount of sales and use tax that the vendor is required to pay to the Comptroller in accordance with Title 11 of the Tax – General Article by the amount of the credit.

(d) A vendor may not take the credit allowed under § 11–105 of the Tax – General Article for the same period for which the vendor applies the credit allowed under this section against a return.

SECTION 4. AND BE IT FURTHER ENACTED, That, as soon as practicable after the effective date of this Act, the Comptroller shall send by first–class mail to or direct deposit in the financial institution accounts of each taxpayer who received a State earned income tax credit in accordance with § 10–704 of the Tax – General Article, the following amounts as State economic impact payments:

(1) with respect to a taxpayer who received a State earned income tax credit for the taxable year beginning after December 31, 2018, but before January 1, 2020:

(i) $300 for an individual other than an individual described under items (ii) or (iii) of this item;

(ii) $250 for an individual filing as married filing separately; or

(iii) $500 for spouses filing a joint return or for a surviving spouse or head of household as defined in § 2 of the Internal Revenue Code; and

(2) with respect to a taxpayer who received a State earned income tax credit for the taxable year beginning after December 31, 2019, but before January 1, 2021:

(i) $150 for an individual other than an individual described under items (ii) or (iii) of this item;

(ii) $125 for an individual filing as married filing separately; or

(iii) $250 for spouses filing a joint return or for a surviving spouse or head of household as defined in § 2 of the Internal Revenue Code.

SECTION 5. AND BE IT FURTHER ENACTED, That:

(a) Subject to subsection (c) of this section, on the first day of each month following the effective date of this Act, the Comptroller shall report to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly on the status of the delivery of State economic impact payments required under Section 4 of this Act and any obstacles that are preventing or slowing the payments.

(b) On or before December 31, 2021, and December 31, 2022, the Comptroller shall report to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.
Article, the General Assembly the amount of money paid in State economic impact payments and the number of taxpayers who received a payment under Section 4 of this Act for calendar years 2021 and 2022.

(c) Following the submission by the Comptroller of the report due on or before December 31, 2022, under subsection (b) of this section, the Comptroller is not required to provide the monthly reports required under subsection (a) of this section.

SECTION 6. AND BE IT FURTHER ENACTED, That, at the end of June 30, 2025, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION 7. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.