Department of Legislative Services

Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 612 (The Speaker)(By Request - Administration)
Ways and Means and Economic Matters

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

This emergency Administration bill (1) provides up to $750 in economic impact payments to a taxpayer who claims the State earned income tax credit in certain tax years; (2) exempts from the State income tax the unemployment insurance (UI) benefits received by an individual; (3) authorizes certain businesses to retain an increased sales and use tax vendor credit; (4) excludes fiscal 2020 and 2021 from the multi-year lookback periods generally used to establish employer UI taxes each year; (5) exempts from the State income tax certain coronavirus relief payments; and (6) authorizes the Department of Commerce (Commerce) to convert certain business loans into grants. The bill also establishes reporting requirements for the Comptroller.

Fiscal Summary

State Effect: General fund revenues decrease by $767.6 million in FY 2021 and $92.5 million in FY 2022. The Governor’s proposed FY 2022 budget assumes a $616.7 million general fund reduction in FY 2021 and $20.0 million in FY 2022. General fund expenditures increase by $0.3 million in FY 2022, escalating to $11.5 million in FY 2025. Special fund revenues decrease by $0.8 million in FY 2022 and $1.2 million annually thereafter through FY 2026, with a lesser impact the following year. Nonbudgeted Unemployment Insurance Trust Fund (UITF) revenues decrease by $109.2 million in FY 2022, $218.3 million in FY 2023, $163.6 million in FY 2024, and $54.4 million in FY 2025; UITF expenditures increase by $545.4 million in FY 2025 to repay borrowed funds, under the assumptions discussed below (nonbudgeted impact not shown below).

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
GF Revenue	($767.6)	($92.5)	($22.4)	($21.8)	($20.4)
SF Revenue	$0	($0.8)	($1.2)	($1.2)	($1.2)
GF Expenditure	$0	$0.3	$2.5	$7.5	$11.5
Net Effect	($767.6)	($93.6)	($26.1)	($30.5)	($33.1)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local income tax revenues decrease by $187.4 million in FY 2021 and $15.5 million in FY 2025. Local highway user revenues decrease to the extent coronavirus relief payments are exempted from the corporate income tax. Local expenditures are not affected.

Small Business Effect: The Administration has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary:

Economic Impact Payments

The bill requires the Comptroller to issue an economic impact payment to a taxpayer who claimed a State earned income credit in tax year 2019. Individuals who claim an earned income tax credit in tax year 2020 will also receive an economic impact payment. **Exhibit 1** shows the economic impact payments proposed by the bill.

Exhibit 1
Economic Impact Payments
Tax Year 2019 and 2020

	TY 2019	TY 2020	Total
Individual	$300	$150	$450
Married Filing Jointly*	500	250	750

*Married Filing Jointly includes head of household and surviving spouse.

Note: Not all taxpayers will receive payments in both tax years.

Source: Department of Legislative Services

The bill exempts these economic impact payments from the State income tax.

The Comptroller must report specified information to the Governor and General Assembly on the economic impact payments issued.

State Income Tax Exemption for Unemployment Insurance Benefits

UI payments are currently subject to federal and State income taxation. Beginning with tax year 2020, the bill exempts from the State income tax the UI benefits received by an individual.

Enhanced 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. In order to be eligible, a vendor (1) must file a timely sales and use tax return or consolidated return and (2) the gross amount of sales and use tax remitted with the return may not exceed $6,000. This credit would be claimed in lieu of the standard vendor credit authorized under current law.

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.

The Comptroller must publish guidance regarding eligibility for the exemption, including a list of eligible grants and loans. A unit of State or local government must, on request, provide to the Comptroller the name of the coronavirus relief payment programs administered by the entity and any other requested information regarding relief payments.

Equity Participation Investment Program Grants

The bill authorizes Commerce to forgive up to $50,000 of a loan, if the loan was made to a small business under the Equity Participation Investment Program (EPIP) within the Maryland Small Business Development Financing Authority (MSBDFA). This provision applies only to fiscal 2021 and 2022 loans provided to relieve the adverse effects of the coronavirus pandemic.

Current Law/Background:

Earned Income Tax Credits

Low- and moderate-income workers may be eligible for a federal refundable credit that generally equals a specified percentage of earned income (wages and other employee compensation plus net self-employment earnings) up to a maximum dollar amount.

Maryland offers a nonrefundable credit, which is equal to the lesser of 50% of the federal credit or the State income tax liability in the taxable year. If the nonrefundable credit reduces a taxpayer's liability to zero, the taxpayer is eligible to claim a refundable credit equal to 28% of the federal credit, minus any pre-credit State tax liability.

Except as discussed below, Maryland conforms to the federal eligibility standards – only those individuals who claim the federal earned income tax credit may claim the State credit. To be eligible in tax year 2020, a taxpayer must have earned income, investment income of $3,650 or less, and a modified federal adjusted gross income of less than:

- $50,594 ($56,844 married filing jointly) with three or more qualifying children;
- $47,440 ($53,330 married filing jointly) with two qualifying children;
- $41,756 ($47,646 married filing jointly) with one qualifying child; and
- $15,820 ($21,710 married filing jointly) with no qualifying children.

The income phase outs shown above are about 2% lower for tax year 2019.

In tax year 2020, a taxpayer may elect to use 2019 earned income for the purposes of calculating the earned income credit if the taxpayer's tax year 2020 earned income is less than the earned income in 2019. This provision will assist individuals who have experienced a loss in employment or a decrease in earnings.

Under federal law, eligibility for individuals without a qualifying child is limited to individuals who are between ages 25 and 64. Chapters 611 and 612 of 2018 expanded eligibility for the State credit that can be claimed by an individual without a qualifying child by eliminating the requirement that an individual must be at least 25 years of age.

Sales and Use Tax Vendor Credit

In order to cover expenses for collecting the State sales and use tax, persons filing timely returns are allowed to take a vendor credit against the gross tax remitted in an amount equal to 1.2% of the first $6,000 collected and 0.9% of the excess, capped at $500 per filing period (monthly basis). The sales and use tax vendor credit is estimated to be $20.7 million in fiscal 2021 and $21.2 million in fiscal 2022.

Employer State Unemployment Insurance Taxes

UI is administered and funded through a federal-state partnership. Funding for each state program is provided by employers through UI taxes paid to both the federal government for administrative and other expenses and to the states for deposit in their UI trust funds. Most Maryland employers pay State UI taxes, although State and local governments and some nonprofit organizations reimburse UITF for claims paid in lieu of paying taxes. Therefore, for most Maryland employers, the State UI tax rate is a function of:

- the employer's specific unemployment claims history; and
- the applicable tax table, which is based on the State's UITF balance and applies to most taxable employers.

Determining Employer Tax Rates

The typical process is as follows. On July 1 each year, the relative amount of UI claims in the three immediately preceding fiscal ("rating") years is used to determine an employer's benefit ratio. For example, calendar year 2020 employer taxes were based on UI claims made from fiscal 2017 through 2019. Specifically, the benefit ratio is calculated as the sum of the benefits charged to an employer's account (*i.e.,* the amounts paid to unemployed individuals) divided by the employer's taxable wages during that time. Taxable wages are defined as the first $8,500 earned by each covered employee in a calendar year. The benefit ratio is then applied to the tax rate table, which is determined by measuring the adequacy of UITF to pay benefits, to determine an employer's tax rate. Taxes are billed quarterly. **Exhibit 2** shows the range of State UI taxes a typical employer owes based on the tax table in effect; there are other rates for new employers and in other limited circumstances.

Generally, the tax table determination is made September 30 each year for the upcoming year and is based on the UITF balance as a percentage of taxable wages in the State. However, Chapter 337 of 2016 requires federal solvency guidelines to be met before the State moves to a tax table with lower rates. Put another way, under existing State law, since the State has moved out of Table A and into Table F, it will not move to any other tax table until the UITF balance meets federal solvency guidelines, even if it would otherwise do so. At the time of passage, the Administration indicated the UITF balance necessary to meet the federal solvency guidelines was about $1.5 billion; however, the guidelines are based in part on the highest annual amounts of benefits paid and are, therefore, subject to change due to the effects of COVID-19 on the economy.

Exhibit 2
Tax Tables and Applicable Employer Tax Rates

	As of Sept 30, If the Trust Fund Balance, As a Percentage of Taxable Wages		Trust Fund Balance ($ in Millions)*		Then Next Year's Tax Rates Range From…			Annual Tax Per Employee (Rate x $8,500)*		
Tax Table	**Exceeds**	**Up to**	**Exceeds**	**Up to**	**No Claims**	**Single Claim***	**Up to**	**No Claims**	**Single Claim***	**Up to**
A	5.00%	N/A	$995.8	N/A	0.30%	0.60%	7.50%	$25.50	$51.00	$637.50
B	4.50%	5.00%	$896.2	$995.8	0.60%	0.90%	9.00%	$51.00	$76.50	$765.00
C	4.00%	4.50%	$796.6	$896.2	1.00%	1.50%	10.50%	$85.00	$127.50	$892.50
D	3.50%	4.00%	$697.1	$796.6	1.40%	2.10%	11.80%	$119.00	$178.50	$1,003.00
E	3.00%	3.50%	$597.5	$697.1	1.80%	2.60%	12.90%	$153.00	$221.00	$1,096.50
F	0.00%	3.00%	$0.0	$597.5	2.20%	3.10%	13.50%	$187.00	$263.50	$1,147.50

Notes: Fund balance threshold dollar amounts are based on the 2020 taxable wage base and are subject to change each year. A "single claim" represents the tax rate applicable to the lowest possible rate associated with nonzero (.0001 to .0027) benefit ratios. Taxes are applied to the first $8,500 earned by each employee, each year; compensation less than that amount reduces taxes owed accordingly. Table F is in effect in 2021 and is likely to be in effect for several more years; Table A had been in effect since 2016.

Source: Department of Legislative Services

Executive Order Limiting Effect of COVID-19 Claims on Employer Taxes

As discussed above, the typical process for determining an employer's benefit ratio involves a lookback period over the three immediately preceding fiscal years; for calendar year 2021 taxes, the period would normally be fiscal 2018 through 2020, which includes the first four months of UI claims due to COVID-19. However, in December 2020, the Governor signed an executive order that effectively freezes employer benefit ratios in place at their 2020 tax levels. The executive order remains in effect until after the termination of the state of emergency and the proclamation of the catastrophic health emergency has been rescinded, or until rescinded, superseded, amended, or revised by additional orders.

Under the executive order, employers will pay taxes in Table F in 2020, but based on pre-pandemic employment claims history, which will generally result in an employer's taxes being less than they otherwise would have been.

Optional Benefit Charge Waiver

The Secretary of Labor may waive the benefit charges against the earned rating record of an employer during a state of emergency if the benefits are paid to the claimant during a period in which the claimant is temporarily unemployed because the employer shut down due to a natural disaster.

Financing through the Maryland Small Business Development Financing Authority

MSBDFA, and its subprograms including EPIP, typically provides financing to small businesses that are unable to obtain adequate business financing on reasonable terms. In calendar 2020, Commerce provided $10.0 million in COVID-19 emergency relief loans to businesses that experienced economic hardship due to the coronavirus pandemic crisis. An eligible Maryland business may receive a low-interest loan of between $25,000 and $200,000, with repayments over a five-year period with no payments due within the first year. Federal funding provided one-half of the funding; the remaining one-half was provided by a transfer to Commerce from the Revenue Stabilization Account (Rainy Day Fund). The Governor's proposed fiscal 2022 budget includes $5.5 million in funding for MSBDFA.

State Fiscal Effect: The bill (1) provides up to $750 in economic impact payments to a taxpayer who claims the State earned income tax credit in certain tax years; (2) exempts from the State income tax UI benefits received by an individual; (3) authorizes certain businesses to retain an increased sales and use tax vendor credit; (4) excludes fiscal 2020 and 2021 from the multi-year lookback periods generally used to establish employer UI taxes each year; (5) exempts from the State income tax certain coronavirus relief payments; and (6) authorizes Commerce to convert certain business loans into grants.

As a result, the net effect on State finances (excluding UITF, which is nonbudgeted) is a decrease of $767.6 million in fiscal 2021, $93.6 million in fiscal 2022, $26.1 million in fiscal 2023, $30.5 million in fiscal 2024, and $33.1 million in fiscal 2025. **Appendix 1 – Fiscal Impact of Legislation** details the fiscal impact of the provisions in fiscal 2021 through 2025. Each of the bill's impacts are discussed below.

Economic Impact Payments

State Revenues: The bill requires the Comptroller to issue economic impact payments to individuals who claim the earned income tax credit in tax year 2019 and 2020. As a result, general fund revenues decrease by $266.7 million in fiscal 2021. The Governor's proposed fiscal 2022 budget assumes a $266.7 million general fund reduction in fiscal 2021 due to the proposed payments. **Exhibit 3** provides more detail on the proposed payments.

Exhibit 3
Economic Impact Payments by Filing Status
Tax Year 2019 and 2020

		Per Return Payment		Total Payments ($ in Millions)		
Filing Status	**Returns**	**TY 2019**	**TY 2020**	**TY 2019**	**TY 2020**	**Total**
Head of Household	216,300	$500	$250	$108.1	$54.1	$162.2
Married Filing Jointly	72,100	500	250	$36.0	$18.0	$54.1
Single	112,200	300	150	$33.6	$16.8	$50.4
Total	**400,600**	**$444**	**$222**	**$177.8**	**$88.9**	**$266.7**

Note: Numbers may not sum to total due to rounding.

Source: Comptroller's Office; Department of Legislative Services

Some taxpayers will receive payments in only one tax year, while others will receive both payments. DLS estimates that between 400,000 and 500,000 households will receive at least one payment. About one-half of these households will file as a head of household, and about three-quarters will have a dependent child. Further, the vast majority of taxpayers are expected to have a federal adjusted gross income of less than $50,000, and about 40% will have incomes of $25,000 or less.

State Expenditures: The Comptroller's Office provided a preliminary estimate that it will incur $330,000 in general fund expenditures in fiscal 2022 to issue economic impact payments and implement other provisions of the bill. General fund expenditure increases may also occur in fiscal 2021.

State Income Tax Exemption for Unemployment Insurance Benefits

State Revenues: Beginning with tax year 2020, the bill exempts from the State income tax the UI benefits received by an individual. As a result, general fund revenues decrease by $217.2 million in fiscal 2021, $56.6 million in fiscal 2022, and about $20.0 million annually thereafter, as shown in **Exhibit 4.** The Governor's proposed fiscal 2022 budget assumes a $50.0 million general fund reduction in fiscal 2021 and a $20.0 million general fund reduction in fiscal 2022 due to the proposed exemption.

Exhibit 4
State and Local Revenue Impact
Unemployment Insurance Benefit Exemption
($ in Millions)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
State	($217.2)	($56.6)	($22.4)	($21.8)	($20.4)
Local	(164.7)	(42.9)	(17.0)	(16.5)	(15.5)
Total Revenues	**($381.9)**	**($99.5)**	**($39.4)**	**($38.3)**	**($35.9)**

Source: Maryland Department of Labor; Department of Legislative Services

The Maryland Department of Labor (MDL) reports the department issued in calendar 2020 a total of $9.6 billion in UI benefits. DLS projects a total of $2.7 billion in benefits will be paid in calendar 2021, $1.0 billion in calendar 2022, and decreasing amounts thereafter.

This estimate reflects the termination of enhanced federally funded benefits in the first quarter of 2021. To the extent that federal legislation extends these benefits, general fund losses will be significantly higher than estimated in fiscal 2022 and any subsequent year in which the benefits are available. The estimate also assumes that 40% of UI benefits are subject to income tax withholding by taxpayers. Based on the recent amount of total UI payments issued by MDL and amounts reported by Maryland taxpayers, it is assumed that approximately one-half of all benefits are reported on a taxable State income tax return.

Enhanced Sales and Use Tax Vendor Credit

State Revenues: The bill authorizes an eligible vendor to retain an increased sales and use tax vendor credit for the four consecutive months following the enactment of the bill. As a result, general fund revenues decrease by $61.9 million for each of the four months following the enactment of the bill. Accordingly, general fund revenues decrease by $247.8 million in fiscal 2021. The Governor's proposed fiscal 2022 budget assumes a $300.0 million general fund reduction in fiscal 2021 due to the proposed enhanced credit.

This estimate is based on an analysis of sales and use tax returns filed in the third quarter of 2019 and corresponding sales and use tax payments:

- 90% of vendors remit less than $6,000 of sales and use taxes each month;

- 50% of vendors remit less than $300 of sales and use taxes each month; and
- the average credit received under the bill is approximately $924 per month or approximately $3,700 over the four-month period.

The Comptroller's Office estimates that approximately 67,000 taxpayers will benefit from the proposed enhancement.

Excluding Fiscal 2020 and 2021 when Determining Employer Unemployment Insurance Taxes

State Revenues: Generally, based on the significant volume of UI claims beginning in March 2020, the bill reduces employer benefit ratios and, therefore, employer taxes/UITF revenues, from what they otherwise would have been, from fiscal 2022 through 2025.

More specifically, under the bill, fiscal 2020 and 2021 are fully excluded from the periods of time during which one or both years would be used in determining employer benefit ratios for State UI taxes. The period for each year under current law (plus the recent executive order) and the bill is shown below in **Exhibit 5**. The differences apply to State UI taxes in 2022 through 2024, with revenue effects from fiscal 2022 through 2025.

Exhibit 5
Rating Periods for Employer Unemployment Insurance Tax Years
Current Law and the Bill

Tax Year	Rating Period Current Law with Executive Order Effective for 2021 Only*	Rating Period The Bill
2021	FY 19, FY 18, FY 17	FY 19, FY 18, FY 17
2022	FY 21, FY 20, FY 19	FY 19, FY 18, FY 17
2023	FY 22, FY 21, FY 20	FY 22, FY 19, FY 18
2024	FY 23, FY 22, FY 21	FY 23, FY 22, FY 19
2025	FY 24, FY 23, FY 22	FY 24, FY 23, FY 22

Note: This analysis assumes that the executive order freezing benefit ratios at their 2020 levels will only apply to employer taxes in 2021 (*i.e.*, the state of emergency ends before 2022 taxes are set). To the extent that the executive order applies to future years, the net effect of the bill on Unemployment Insurance Trust Fund revenues is less. Absent the executive order, 2021 taxes would be determined based on fiscal 2018 through 2020.

Source: Department of Legislative Services

Based on estimates in a recent consultant report commissioned by MDL that estimated costs for a similar scenario, and accounting for a calendar-to-fiscal year conversion, UITF revenues decrease by $109.2 million in fiscal 2022, $218.3 million in fiscal 2023, $163.6 million in fiscal 2024, and $54.4 million in fiscal 2025. For context, Table F has historically generated $0.8 billion to $1.1 billion in tax revenue in a typical year.

This foregone revenue is assumed to result in increased borrowing and associated general fund expenditures for interest payments, as discussed below.

DLS also notes that, ultimately, the UITF balance determines the tax tables; the cumulative effect of the bill's revenue reductions may result in a delayed return to a tax table with lower overall rates. In other words, the bill may result in employers paying higher tax rates in a future year. When that might happen is unknown but likely several years from now.

State Expenditures: Due to the ongoing high claims volume and UITF's likely imminent need to borrow funds from the federal government in order to continue making payments to claimants, the bill's UITF revenue reduction is assumed to represent an increase in net borrowing. Interest on balances owed to the federal government must be paid back – with State general funds or some other source, not UITF – at the end of each September. The current interest rate on federal loans for UI programs is 2.277%, although that is deferred through mid-March 2021 under the December stimulus bill.

Therefore, assuming the current rate is applicable to borrowing in 2022, 2023, and 2024, general fund expenditures for the required interest payments increase by $2.5 million in fiscal 2023, $7.5 million in fiscal 2024, and $11.5 million in fiscal 2025. Interest payments are larger each year because of accumulated principal.

This assumes that the federal government will charge interest on the loan(s) and that the full amount of borrowed principal is paid back concurrent with the third interest payment in November 2024 (as a nonbudgeted UITF expenditure in fiscal 2025). If the federal government extends interest forbearance and/or the principal is paid back earlier or later, UITF expenditures and interest costs will vary accordingly.

State Income Tax Exemption for Coronavirus Loan Forgiveness and Grants

State Revenues: In tax year 2020 and 2021, the bill exempts from the State income tax certain federal, State, and local grants and forgiven loans that were provided to a person for the purpose of assisting with the economic hardships resulting from the coronavirus pandemic.

Generally, this provision will exempt (1) federal grants and loans which are not otherwise exempt under federal law and (2) State and local grants and loans which are not provided by federal funds under a program that is exempt from federal taxation. The total amount of these government loans and grants that will be issued in calendar 2020 and 2021 is unknown. In addition, the Comptroller will issue guidance regarding eligibility for the State income tax exemption.

Based on the amount of State-funded Commerce coronavirus relief loan and grant programs and certain federal taxable payments issued in the State, general fund revenues decrease by *at least* $35.9 million in fiscal 2021. Assuming the same level of assistance is provided in calendar 2021, general fund revenues decrease by *at least* $35.9 million in fiscal 2022, as shown in **Exhibit 6.**

Exhibit 6
Minimum State and Local Revenue Impact
Coronavirus Relief Payment Exemption
Fiscal 2021-2025
($ in Millions)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
State	($35.9)	($35.9)	$0.0	$0.0	$0.0
Local	(22.7)	(22.7)	(0.0)	0.0	0.0
Total Revenues	**($58.6)**	**($58.6)**	**($0.0)**	**$0.0**	**$0.0**

Source: Department of Commerce; Comptroller's Office; Department of Legislative Services

Equity Participation Investment Financing Program Grants

State Revenues: The bill authorizes Commerce to forgive up to $50,000 of an EPIP small business loan, if the loan was provided in 2021 and 2022 in order to relieve the adverse effects of the coronavirus pandemic. As a result, Commerce special fund revenues decrease by $750,000 in fiscal 2022, $1.2 million annually in fiscal 2023 through 2026, and $450,000 in fiscal 2027.

Local Revenues: Local income tax revenues decrease due to the State income tax exemption for UI benefits and coronavirus relief payments. As a result, overall local income tax revenues decrease by $187.4 million in fiscal 2021 and $15.5 million in fiscal 2025, as shown in **Exhibit 7.** In addition, **Appendix 2 – Unemployment Insurance Exemption Local Revenue Impact** provides, by county, the estimated local income tax revenue loss resulting from that provision.

Exhibit 7
Minimum Local Revenue Impact
Unemployment Insurance and Coronavirus Relief Payment Exemptions
($ in Millions)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Unemployment Insurance	($164.7)	($42.9)	($17.0)	($16.5)	($15.5)
Coronavirus Relief Payments	(22.7)	(22.7)	0.0	0.0	0.0
Total Revenues	**($187.4)**	**($65.6)**	**($17.0)**	**($16.5)**	**($15.5)**

Source: Maryland Department of Labor; Comptroller's Office; Department of Commerce; Department of Legislative Services

Local highway user revenues distributed to Baltimore City, counties, and municipalities decrease to the extent coronavirus relief payments are exempted from the corporate income tax.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 496 (The President)(By Request - Administration) - Budget and Taxation.

Information Source(s): Department of Commerce; Comptroller's Office; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - January 25, 2021
an/jrb

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Appendix 1 – Fiscal Impact of Legislation

Fiscal 2021-2025
($ in Millions)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues					
General Fund Revenues					
Economic Impact Payments	($266.7)	$0.0	$0.0	$0.0	$0.0
Unemployment Insurance	(217.2)	(56.6)	(22.4)	(21.8)	(20.4)
Sales and Use Tax Vendor Credit	(247.8)	0.0	0.0	0.0	0.0
Coronavirus Relief Payments	(35.9)	(35.9)	0.0	0.0	0.0
Subtotal	***($767.6)***	***($92.5)***	***($22.4)***	***($21.8)***	***($20.4)***
Special Fund Revenues					
Commerce – Loan Forgiveness	$0.0	($0.8)	($1.2)	($1.2)	($1.2)
Subtotal	***0.0***	***(0.8)***	***(1.2)***	***(1.2)***	***(1.2)***
Total Revenues	**($767.6)**	**($93.3)**	**($23.6)**	**($23.0)**	**($21.6)**
Expenditures					
General Fund Expenditures					
Comptroller's Office	$0.0	$0.3	$0.0	$0.0	$0.0
Labor – Interest Payments	0.0	0.0	2.5	7.5	11.5
Total	**$0.0**	**$0.3**	**$2.5**	**$7.5**	**$11.5**
Net Effect	**($767.6)**	**($93.6)**	**($26.1)**	**($30.5)**	**($33.1)**

Source: Department of Commerce; Maryland Department of Labor; Comptroller's Office; Department of Legislative Services

Appendix 2 – Unemployment Insurance Exemption Local Revenue Impact

Fiscal 2021-2025
($ in Millions)

County	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Allegany	($1.7)	($0.4)	($0.2)	($0.2)	($0.2)
Anne Arundel	(13.5)	(3.5)	(1.4)	(1.4)	(1.3)
Baltimore	(28.4)	(7.4)	(2.9)	(2.8)	(2.7)
Baltimore City	(22.2)	(5.8)	(2.3)	(2.2)	(2.1)
Calvert	(1.9)	(0.5)	(0.2)	(0.2)	(0.2)
Caroline	(0.8)	(0.2)	(0.1)	(0.1)	(0.1)
Carroll	(3.6)	(0.9)	(0.4)	(0.4)	(0.3)
Cecil	(2.0)	(0.5)	(0.2)	(0.2)	(0.2)
Charles	(4.0)	(1.0)	(0.4)	(0.4)	(0.4)
Dorchester	(1.0)	(0.2)	(0.1)	(0.1)	(0.1)
Frederick	(5.6)	(1.5)	(0.6)	(0.6)	(0.5)
Garrett	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)
Harford	(6.6)	(1.7)	(0.7)	(0.7)	(0.6)
Howard	(8.0)	(2.1)	(0.8)	(0.8)	(0.8)
Kent	(0.4)	(0.1)	(0.0)	(0.0)	(0.0)
Montgomery	(25.0)	(6.5)	(2.6)	(2.5)	(2.4)
Prince George’s	(27.0)	(7.0)	(2.8)	(2.7)	(2.5)
Queen Anne’s	(1.2)	(0.3)	(0.1)	(0.1)	(0.1)
Somerset	(0.6)	(0.2)	(0.1)	(0.1)	(0.1)
St. Mary’s	(2.1)	(0.6)	(0.2)	(0.2)	(0.2)
Talbot	(0.7)	(0.2)	(0.1)	(0.1)	(0.1)
Washington	(3.9)	(1.0)	(0.4)	(0.4)	(0.4)
Wicomico	(3.0)	(0.8)	(0.3)	(0.3)	(0.3)
Worcester	(1.3)	(0.4)	(0.1)	(0.1)	(0.1)
Total	**($164.7)**	**($42.9)**	**($17.0)**	**($16.5)**	**($15.5)**

Note: Numbers may not sum to total due to rounding.

Source: Maryland Department of Labor; Comptroller’s Office; Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act

BILL NUMBER: SB 496/HB 612

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_____ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

OR

__X__ WILL HAVE A MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS