



# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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## **SENATE BILL 788 Economic Development - Small Business Financing - Loan Loss Reserve (Hester, et al)**

### **STATEMENT OF INFORMATION**

**DATE: March 16, 2021**

**COMMITTEE: Senate Finance**

**SUMMARY OF BILL:** SB 788 creates a Capital Access Program in the Department of Commerce that is designed to stimulate opportunities for small businesses that have difficulty in obtaining business financing and, therefore, have access to credit by establishing a Loan Loss Reserve Program. The bill mandates an appropriation in the amount of \$10 million in FY 2023. Further, the bill expresses legislative intent that \$50 million of federal COVID-19 relief funding provided on or after Jan 1, 2021, be distributed to capitalize the State guarantee under the Capital Access Program.

**EXPLANATION:** The enactment of SB 496 RELIEF Act provides the following business assistance: (1) \$10 million for \$9,000 grants to businesses that do not engage in a business activity that requires the business to collect sales and use tax; (2) \$22 million for \$12,000 grants to businesses that are Restaurants and Other Eating Places; (3) \$10 million for \$25,000 grants to businesses that are Hotels (except Casino Hotels) and Motels or Bed-and-Breakfast Inns; (4) \$8 million to provide grants to private commuter and shuttle bus operators, including entities that provide commuter and shuttle bus services contractually to government entities and locally operated transit systems, that lost State or local funding as a result of the COVID-19 pandemic; (5) \$10 million for grants to live entertainment venues or promoters of live performances; (6) \$5 million for grants to assist artists, art districts, or arts organizations; (7) \$2 million to help preserve the State's main street economies; and (8) \$500,000 for grants to businesses in distressed communities to assist the businesses in setting up an online sales framework and offering employees telework opportunities. **Total \$67.5 million**

Previously, the Coronavirus Relief Fund Maryland has provided: \$189 million in business relief through the Department of Commerce, \$7 million for the Layoff Aversion Program; \$41 million through the Department of Housing and Community Development for a non-profit recovery initiative; and \$8.2 million for agriculture through MARBIDCO. **Total \$245.2 million**

The \$250 million withdrawn from the Rainy Day Fund provided assistance to businesses and non-profits through the Departments of Commerce, Housing and Community Development, and Labor, as well as TEDCO. **Total \$250 million**

Through the CARES Act, Federal Fund Information for States (FFIS) estimates that the State received almost **\$29 billion** through the Paycheck Protection Program, UI assistance, and direct payments to health providers.

The COVID-19 Relief Act passed by Congress in December 2020, according to FFIS, could provide Maryland another **\$7.1 billion** in business assistance.

It is incumbent upon us to allow the impact of this unprecedented relief package, and any additional pandemic stimulus that may yet be enacted, to take effect on the State's economy. The Administration continues to evaluate the myriad of impacts associated with the ongoing pandemic and we are sensitive to the need for a rapid economic recovery.

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