



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Lieutenant Governor

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Deputy Secretary

SENATE BILL 740 Economic Development – COVID–19 Small Business Grant Program (COVID–19 Crisis Small Business Survival Program Act of 2021) Emergency Bill (Rosapepe)

STATEMENT OF INFORMATION

DATE: March 16, 2021

COMMITTEE: Senate Finance and Senate Budget & Taxation

SUMMARY OF BILL: SB 740 establishes the Maryland COVID-19 Small Business Grant Program in the Department of Commerce, the purpose of which is to provide grant funds to local governments to issue emergency relief funding during calendar years 2021 and 2022 to businesses (that employ 50 or fewer employees) located in the county that have experienced at least a 25% reduction in gross receipts during the COVID pandemic. The bill expresses leg intent that \$100 million in federal and State COVID relief funds be allocated to the Program. The Department of Commerce shall distribute funds to each county on a pro rata basis. The counties establish the eligibility and application procedures. Commerce reports to the General Assembly by March 31, 2021 on the counties' criteria and the amount of grants to be awarded to businesses by the counties. Quarterly reports are due, beginning June 1, 2021 on funding sources for the Program, disbursements made, the industry sectors and demographic information of small business entities that received assistance.

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 and can demonstrate a need for assistance; (2) \$22 million for \$12,000 grants to businesses that are Restaurants and Other Eating Places and can demonstrate a need for assistance; (3) \$10 million for \$25,000 grants to businesses that are Hotels (except Casino Hotels) and Motels or Bed-and-Breakfast Inns and (i) if a part of a franchise with multiple locations of businesses, are owned by a local franchisee and (ii) can demonstrate a need for assistance; (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) \$2 million to help preserve the State's main street economies; and (7) \$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 \$62.5 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 \$190 million to provide relief to businesses through Commerce and another \$5 million to Commerce. **Total \$195 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 on the State's economy to take effect. The Administration continues to evaluate the myriad of impacts associated with the ongoing pandemic and are sensitive to the need for a rapid economic recovery.

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