

SB 772 - SBDC Written Submission.pdf

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Position: FAV



Lead Center
7761 Diamondback Drive
College Park, MD 20742

MEMORANDUM

TO: Senate Committee on Budget and Taxation
Senator Guy Guzzone, Chair
Senator Jim Rosapepe, Vice Chair

House of Delegates Committee on Ways and Means
Delegate Anne Kaiser, Chair
Delegate Alonzo Washington, Vice Chair

FROM: Paul Bardack
Executive Director, Maryland Small Business Development Center

Lora Brown
Deputy Director, Maryland Small Business Development Center

DATE: February 19, 2021

SUBJECT: Small Business COVID-19 Relief Act of 2021
SB 772 (Senator Katie Hester) – **FAVORABLE**
HB 1014 (Delegate Lily Qi) – **FAVORABLE**

The Maryland Small Business Development Center (SBDC), whose staff has served entrepreneurs in every county and municipality of our state for more than thirty years, provides consulting services to owners of established small companies and to prospective entrepreneurs at no cost to those businesspeople. We also provide group training to current and future business owners wishing to hone their skills on matters both basic (*e.g.*, how to prepare a rudimentary business plan) and advanced (*e.g.*, various methodologies for determining return on investment).

In the last calendar year alone, 2020, your SBDC served over 9,000 clients: 3,716 through ongoing, often long term, one-on-one management, financial, marketing, and other consulting engagements; and 6,631 through our various group training programs. We helped those clients raise more than \$148.5 million in new capital, to help them stabilize their operations and, indeed, to help their companies grow during these unprecedentedly rough economic times. We supported the jobs of 53,731 Maryland workers,

ensuring that those workers would continue to contribute to the economic health of our state. And, despite the economic despair felt by so many of your constituents, last year we even helped launch some 267 Maryland startups who believe – as do we – that Maryland’s best economic days still lie ahead of us.

No wonder, then, that working through our offices at the University of Maryland - College Park (where our statewide network is headquartered), Salisbury University, Frostburg State University, Harford Community College, and the College of Southern Maryland – and in partnership with Morgan State University and Bowie State University – our statewide network has played a major role helping our small business sector grow during the good times and helping them overcome their harshest challenges during the bad times. And as a 2019 study by the Towson University Regional Economic Studies Institute noted, every dollar invested by the state in its SBDC generates roughly \$19 in new state and local business and employee taxes ... a 19:1 return on the state’s investment.

As we gather today to consider the Small Business COVID-19 Relief Act of 2021, introduced in the Senate by Senator Hester (SB 772) and in the House by Delegate Qi (HB 1014), our state’s small business owners are facing far different and more difficult challenges than they have ever faced before. Because when the COVID-19 pandemic struck Maryland in early 2020, our state’s small business sector was left reeling. Many companies went under, lacking the funding needed to stay afloat. And even many of those able to continue operations saw their revenues decline dramatically, making the continuation of those companies highly uncertain.

And so, as the pandemic worsened, the Maryland SBDC swung into action as never before. In every corner of our state – rural, suburban, and urban – our staff routinely worked twelve, fifteen, even eighteen hours day after day after day, helping business owners one at a time to make it through this bleakest of years. Our staff engaged our minds, suggesting to the merchants with whom we worked new marketing techniques, new ways to shift to eCommerce, and new ways to access the plethora of government funds designed to help those facing difficult circumstances threatening their very survival. The calendar year 2020 accomplishments cited on the previous page speak to the quantifiable, positive impact we have had, and continue to have, in nearly every community in our state during this pandemic. And our staff engaged our hearts, sharing the grief of tearful entrepreneurs whose life’s dreams had come to a crashing end through no fault of their own. The friendships we forged the past year with so many of those we worked with in the trenches speak to the special bond we and our clients often develop.

Those accomplishments, and that professional and personal impact we continue to have throughout the state, are at the heart of the legislation we are here to consider today, the Small Business COVID-19 Relief Act.

Subtitle 10 of this legislation – SB 772 and HB 1014, at Sections 10-1001 through 10-1004 (to which we will confine our remarks) may be summarized fairly readily: a COVID-19 Business Recovery Assistance Program is to be created and administered by the SBDC; the Program is to “provide the state’s business community guidance and resources to recover from the hardships of the Coronavirus pandemic and adapt to a post-pandemic business environment;” those services will be directed to the state’s most

vulnerable, and smallest, companies that have suffered significant revenue losses as a result of the pandemic; the services to be rendered them include providing access to nongovernmental funding, support for pivoting to a post-pandemic business environment, access to accounting, legal, and other needed services, and access to off-the-shelf business software; and the Program will do this, in part, through creation of a COVID-19 Business Recovery Assistance Fund, to be capitalized at \$20 million.

Stated differently, the proposed COVID-19 Business Recovery Assistance Program is designed to empower the SBDC to continue doing exactly what we have been doing and continue to be doing for small business owners throughout the pandemic, and it gives us additional monetary resources to serve even more Maryland companies.

We have learned that the most vulnerable small businesses with which we have been working often need protracted, specialized expertise which we do not currently provide (*e.g.*, accountants, lawyers). The SBDC therefore intends to use the funding, in part, to allow us to provide that often expensive expertise to our clients at no charge to them. For example, while we currently have the capability to work with clients to structure the taxonomy of a new website needed to allow the client to shift to an eCommerce platform, we do not have web designers on staff. We would use funds received under this program, therefore, to fund that needed expertise so that the client doesn't have to. And we would structure these services such that the client would have a choice among different experts we have assembled, to ensure that the expert selected by a client best matches the needs of that client. (Further, we would do so in compliance with University of Maryland and other relevant procurement requirements governing the selection, pricing, and delivery of external expertise.)

And note the multiplier effect: we envision that many of the external experts we would provide would themselves be small businesspersons.

Moreover, we would deploy client managers to ensure the initial vetting of the outside experts we will retain, and to provide ongoing oversight of their work with our clients, to ensure the level of performance envisioned in this legislation. This will ensure that each engagement yields the best possible outcome for our clients.

We therefore support enactment of Subtitle 10 of both SB 772 and HB 1014, for the following reasons:

- The SBDC needs more resources – and precisely the resources delineated in this legislation – to reach more of the state's entrepreneurs who seek our services;
- We are the only statewide organization currently doing for the small business community all that the legislation seeks to have done for them;
- Our ability to work successfully with owners of smaller companies dealing with pandemic related issues has been proven again and again;
- We recently bolstered the number of bilingual consultants and trainers we have on staff, giving us the capability to connect with Spanish speaking entrepreneurs, easily among the hardest hit communities struggling with COVID-19;
- We are currently in the midst of a staff reorganization which will result in a more intensive presence in Baltimore City and County, allowing us to better serve business owners in that historically underserved part of the state;

- Outreach to new clients – especially minority and women business owners – is crucial to this program’s success, and to unleashing the creativity of these entrepreneurs seeking to turn their business dreams into reality. These are leaders of some of the most vulnerable companies in our state, and are often bypassed by government and other economic development programs. Precisely because we already enjoy excellent relationships with an array of state, federal, local, academic, nonprofit, and for-profit economic development organizations throughout Maryland – and already partner with them on various client engagements – we are well positioned to do the additional outreach envisioned by this legislative proposal, to better assist underserved populations and communities to survive the current economic crisis; and to provide them the funds many will need to remain in business and, even, to grow;
- We have an outstanding relationship with the Maryland Department of Commerce, which is given considerable responsibility for other elements of the proposed legislation;
- We are well integrated within the larger body of University System of Maryland economic development programs (*e.g.*, UM Ventures, TechPort, Maryland International Incubator) which could complement the services we would offer under this new program;
- Subtitle 10 is modeled after an earlier state program, the Strategic Assistance Consulting Fund (SACF), with which we have worked ... allowing us, in the administration of the COVID-19 Business Recovery Assistance Program, to build upon prior lessons learned from that earlier program (both positive and negative); and
- We have proven our ability to manage successfully, and in compliance with all relevant government and University of Maryland requirements, the temporary federal CARES Act funds entrusted us to serve populations similar to the ones to be served under this proposed legislation.

As is the case with this legislation, SACF was created during a time of great fiscal stress for our state’s small business owners and, like this proposal, set forth a variety of services to be offered those hard hit entrepreneurs. From our experience working with that program, we well understand (as this legislation requires) the crucial importance of connecting together for the client both the receipt of money or other services of value with ongoing consulting and training. Why? Because just “throwing money at the problem” does nothing to help business owners transform their business models in ways that will increase their chances of long term survival. That was, perhaps, the key lesson learned from the SACF experience which is carried over to the current legislation; and we are pleased to see this key lesson from the earlier program incorporated within this one.

Yet another lesson we learned from our work with SACF is the importance of having enough administrative staff to ensure proper recordkeeping statewide for so large a sudden infusion of funding, yet small enough to ensure that the vast majority of the new funds go toward client services. Our current intention, therefore, is to fund no more than five – and possibly fewer – temporary new administrative positions during the life of the program, to ensure proper recordkeeping and compliance; with the vast majority of the \$20 million of new, and temporary, funds to be used for direct support of our state’s hardest hit entrepreneurs, as the legislation intends, in every section of our state.

Additionally, last year in Prince George’s County we participated in a somewhat similar program, working with the county government and FSC First to provide services similar to the one envisioned in this legislation to companies impacted negatively by construction of the Purple Line. Our staff has learned a number of in-the-weeds lessons through that similar work, and we would bring that knowledge to our management of this proposed program.

Finally, within the past year we already have had to adjust our operations to meet the new demands thrust upon us by the pandemic. This past Summer we received \$3.3 million of federal CARES Act funding, which permitted us – through September 2021, when the temporary funding comes to an end – to hire nearly two dozen temporary staff throughout the state to help thousands more struggling business owners, forcing us to confront a host of logistical, organizational culture, recordkeeping, reporting, compliance and other challenges that came with our receipt of that funding. That is to say: absorption of so much new money, as was the case with our receipt of CARES Act funding and which would be the case were this legislation to be enacted, requires dealing with an extraordinary array of organizational challenges; and we have proven we are up to meeting those challenges.

For these reasons, we support Subtitle 10 of the Small Business COVID-19 Relief Act of 2021 (SB 772, HB 1014). Maryland's beleaguered small business owners desperately need the assistance it would provide, and for the reasons set forth in this testimony the SBDC is uniquely poised to deliver that assistance.



February 18, 2021

Senator Guy Guzzone
Chair, Senate Committee on Budget and Taxation
3 West
Miller Senate Office Building
Annapolis, MD 21401

Reference: SB 772 - Small Business COVID-19 Relief Act of 2021 - **FAVORABLE**

Dear Senator Guzzone:

My name is Julie Lenzer and I am currently the Chief Innovation Officer at the University of Maryland (UMD). I currently oversee several innovation and entrepreneurship programs at the university, including UM Ventures (technology transfer), TechPort (UAS Incubator in St. Mary's County), and the Maryland Small Business Development Center (SBDC).

I am writing to express UMD's support for the "Small Business COVID-19 Relief Act of 2021," introduced in the Senate by Senator Katie Hester (SB 772). My focus is on Subtitle 10 of the Act, "Business Recovery Assistance Program."

The SBDC has emerged as a critical resource in helping Maryland small business owners not just survive but thrive through the pandemic.

In the last year alone, the SBDC staff served more than 9,000 Maryland entrepreneurs in all parts of our state: 3,716 through ongoing, often long term, one-on-one management and financial consulting and 6,631 through its various training programs. Most of their programs are provided at no cost to clients. With the assistance of the SBDC, clients have raised over \$148.5 million in new capital - both private and governmental - to help them stabilize their hard hit operations. Many, despite the pandemic, have actually seen growth through these turbulent times. Additionally, over the past year, SBDC has supported 53,731 jobs, keeping Maryland workers productively employed and helped entrepreneurs launch 267 startups.

Subtitle 10 confidently builds upon this SBDC record of accomplishment during the pandemic.

This legislation builds on the most important lesson learned by the SBDC during the pandemic: the importance of providing extended support to hard hit companies. Experience has shown that providing money to small businesses without also helping them pivot strategically all-too-often results in the company lasting a few more months only to face existential problems again. By requiring the combination of business consulting along with the disbursement of funding, companies emerge positioned for resiliency and long-term success.

Subtitle 10 COVID-19 Business Recovery Assistance Program also recognizes the expertise within the SBDC to run a program like this, because the SBDC has successfully managed similar programs in the past (*e.g.*, Strategic Assistance Consulting Fund). Housing this program with the SBDC, within the University of Maryland - College Park, also allows program



UNIVERSITY OF
MARYLAND

DIVISION OF RESEARCH

beneficiaries to take advantage of synergies with the other UMD economic development programs I oversee.

For all these reasons, the University of Maryland enthusiastically supports the legislation offered by Senator Hester. Maryland's small businesses need this support right now. Having this program operated through Maryland's proven leader in successfully providing a lifeline to our state's most vulnerable entrepreneurs during this pandemic, the SBDC, together with the backing and support from UMD positions this program to bolster our state's economy and become a national model for smart government support for small business.

Please don't hesitate to contact me if you have questions or would like additional information. I can be reached via email at jlenser@umd.edu or via phone at (301) 405-2960. Thank you in advance for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Julie Lenzer".

Julie Lenzer
Chief Innovation Officer

Valleywood Industries Inc.

February 16, 2021

Dear Senator Hester and Delegate Qi:

My name is Charles Walcutt, owner of Valleywood Industries Inc., a leading Baltimore area remanufacturer of wooden pallets and recycler of wood products, located at 6517 Landay Avenue, Baltimore, Maryland. I am a blind business owner and i'm writing in support of SB772/HB1014, the Small Business Covid-19 Relief Act of 2021.

In 2009, my company received a Strategic Assistance Consulting Fund (SACF) grant to provide much needed accounting assistance to the company. In 2009 and for several years prior, the company was seriously underperforming financially and it was apparent that something was wrong. SBDC Consultant Craig Panos analyzed the situation and processed my SACF grant application that allowed accountant Darlene Adams to conduct an audit of my business operations. Ms. Adams' audit revealed serious irregularities in the manner in which the production staff had been reporting the number of pallets produced. Additionally, Ms. Adams provided us with some basic cost accounting methods which gave us the tools to better understand of our basic costs. Once we followed the control measures from the audit our financial results turned around very significantly. We began to show substantial profits that we had not experienced before, and which continue today. We are now in our 45th year, are the oldest wood recycler in Maryland, and have enjoyed a 15% increase in revenues during 2020 over the prior year.

I believe that this grant contributed substantially to our continued success.

The SACF grant enabled Valleywood to turn around its financial results in 2009, during a serious economic slowdown, and so I am confident that SB772/HB1014 can similarly provide much needed help to other businesses who are struggling to survive the current pandemic business conditions.

Yours truly,



Charles Walcutt, Owner
Valleywood Industries Inc.

6517 Landay Avenue, Baltimore, Maryland 21237

GCCC Testimony SB 772 Sm Biz Relief Act 2-24-2021.

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Position: FAV



Testimony offered on behalf of:
THE GARRETT COUNTY CHAMBER OF COMMERCE

FAVORABLE:
SB 772 – Small Business COVID–19 Relief Act of 2021

Budget and Taxation Committee
February 24, 2021

On behalf of the Garrett County Chamber of Commerce, representing 600 member organizations in Western Maryland, I write to express our support of **SB 772 – Small Business COVID–19 Relief Act of 2021**.

Small businesses have been decimated by the pandemic and are struggling just to keep their doors open. The Comptroller's office has estimated that approximately 30,000 businesses have either closed or will close permanently.

The Small Business COVID-19 Relief Act of 2021 will provide much needed assistance to our smallest businesses in the State by creating both an emergency loan fund and an emergency grant program. The loan fund would only be available to businesses with 50 or less employees and businesses with no more than 15 employees would be eligible for the grant program. In both instances, businesses would have to have suffered a 25% loss in revenues for a set time frame during the pandemic.

Both of these programs are desperately needed to save our small businesses.

The Chamber respectfully requests a **FAVORABLE REPORT on SB 772**.

Sincerely,

Nicole Christian, CCE, IOMM

Nicole Christian, CCE, IOMM
President & CEO
Garrett County Chamber of Commerce, Inc.
(301) 387-8745 office
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nicole@garrettchamber.com



Testimony_SB772 Covid Relief (002).pdf

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Position: FAV

SUPPORT

SB 772 Small Business COVID–19 Relief Act of 2021

The Howard County Chamber of Commerce (Chamber) is a business organization comprised of small businesses, corporations, non-profits, and governmental agencies all working together for the betterment of the Howard County business community. Our mission is to provide advocacy, connections, and access to timely information to advance the growth and success of the Howard County business community.

We come to you at this moment on behalf of our 700 plus member companies and others out of support for SB 772. Access to capital is a major hurdle for many small businesses when they set out launch their dream of entrepreneurship. For minority and women-owned businesses, this issue is even more daunting as they often cannot rely on traditional lending mechanisms nor their families. Consequently, these businesses start out undercapitalized and are incapable of weathering economic downturns or slow business periods. This has never been more prevalent than during the Covid 19 pandemic.

We have seen countless hand small businesses close over the past year leaving men and women unemployed and dreams shattered for their owners. Without emergency grant and loan programs, many more businesses would have been shuttered. Unfortunately, many of these programs will be short lived unless there is recognition and understanding that there must be a mechanism in place to address future emergencies.

One of the many lessons of Covid 19 is that we must have state level emergency programs in place and ready to support small businesses should we have unforeseen economic circumstances. The Maryland Department of Commerce and the Small Business Development Center (SBDC) network performed admirably during the Covid 19 pandemic. Yet, they did not have the resources they needed to support all the businesses requiring assistance.

In passing SB 772, we will have a program that will enable the Maryland Department of Commerce and small business supporting agencies to make emergency loans and working capital to small businesses should there be another emergency that decimates business and the local economy like Covid 19.

Our small businesses have been decimated by the remnants of the coronavirus pandemic and to no fault of their own. It is paramount that we learn from the past year and one lesson is that business supporting agencies like the Department of Commerce and the SBDC must have



6240 Old Dobbin Lane ■ Suite 110 ■ Columbia, MD 21045

emergency resources at their disposal because our small businesses are counting on it. In closing, we ask that the Committee members give SB772 a favorable report.

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Position: FAV

CHAIRMAN:
Rob Scrivener
VICE CHAIRMAN
Brian Russell

MARYLAND ASPHALT ASSOCIATION



SECRETARY:
David Slaughter
TREASURER:
Jeff Graf
PRESIDENT:
G. Marshall Klinefelter

February 24th, 2021

Senator Guy Guzzone, Chair
Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 772 – FAVORABLE – Small Business COVID-19 Relief Act of 2021

Dear Chairman Guzzone and Members of the Budget and Taxation Committee:

The Maryland Asphalt Association is comprised of 18 producer members representing more than 47 production facilities, 21 contractor members, 24 consulting engineer firms and 39 other associate members. We proactively work with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

SB 772 would provide economic relief to so many businesses that are currently struggling to stay afloat during these trying times. In order to maintain a healthy network of small businesses in the State of Maryland, it is crucial that you pass this bill. The transportation industry is the lifeblood of our economy, but even we are struggling to keep up with the detrimental economic effects of the COVID-19 pandemic. The needs of our members and industry are great, and this bill would help us address those needs in an efficient manner. We cannot stress enough the importance of this bill and the positive impact it would have on the citizens of Maryland. For these reasons, we urge you to support this legislation.

We thank you for your time and consideration and ask for a FAVORABLE report on Senate Bill 772.

Thank you,

A handwritten signature in cursive script that reads "Marshall Klinefelter".

Marshall Klinefelter
President
Maryland Asphalt Association

SB 772_MTBMA_FAV.pdf

Uploaded by: Evans, Gerard

Position: FAV



MTBMA
MARYLAND TRANSPORTATION BUILDERS
AND MATERIALS ASSOCIATION

February 24th, 2021

Senator Guy Guzzone, Chair
Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 772 – FAVORABLE – Small Business COVID-19 Relief Act of 2021

Dear Chairman Guzzone and Members of the Budget and Taxation Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials.

SB 772 would provide economic relief to so many businesses that are currently struggling to stay afloat during these trying times. In order to maintain a healthy network of small businesses in the State of Maryland, it is crucial that you pass this bill. The transportation industry is the lifeblood of our economy, but even we are struggling to keep up with the detrimental economic effects of the COVID-19 pandemic. The needs of our members and industry are great, and this bill would help us address those needs in an efficient manner. We cannot stress enough the importance of this bill and the positive impact it would have on the citizens of Maryland. For these reasons, we urge you to support this legislation.

We thank you for your time and consideration and ask for a FAVORABLE report on Senate Bill 772.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

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Uploaded by: Fry, Donald

Position: FAV



TESTIMONY PRESENTED TO THE SENATE BUDGET & TAXATION COMMITTEE

SENATE BILL 772 – SMALL BUSINESS COVID-19 RELIEF ACT OF 2021

Sponsor – Senator Hester

February 24, 2021

DONALD C. FRY

PRESIDENT & CEO

GREATER BALTIMORE COMMITTEE

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 772, which creates several programs to support small businesses impacted by COVID-19, including a loan program, a grant program, and a business assistance program.

- The Maryland COVID-19 Emergency Loan program would provide eligible small businesses with less than 50 full-time employees an interest-free loan for at least 12 months, and does not require the borrower to provide collateral.
- The Maryland COVID-19 Emergency Grant Program would permit counties to obtain funds to provide grants to eligible small businesses that do not employ more than 15 full-time employees.
- The Maryland COVID-19 Business Recovery Assistance Program would be created as a part of the Small Business Development Center Network (SBDC Network). The SBDC Network would provide eligible small businesses participating in the program access to business support services to assist the small business to recover from economic hardships brought about by the coronavirus pandemic, including access to financing and professional services.

The GBC has been actively involved in supporting businesses as they weather the ill effects of the pandemic, restrictions limiting business operations, and the resulting negative economic impact on the business. To address the challenges and to help businesses recover, the Greater Baltimore Committee created the GBC COVID-19 Business Recovery Advisory Council. The advisory council, comprised of business executive of Baltimore regional businesses, was formed to provide assistance, create programs and make policy recommendations to benefit small and minority-owned businesses.

One of the advisory council's major recommendations identified the importance of promoting and supporting efforts to increase access to capital for small and minority-owned businesses, including both traditional and non-traditional capital sources. Senate Bill 772 would provide small and minority business owners with access to capital during a very difficult business cycle.

Senate Bill 772 is also consistent with the GBC's *2021 Legislative Priorities*, which calls for policy, funding, and regulatory solutions to accelerate economic recovery with an emphasis on support to small and minority-owned businesses. The creation of a loan program, a grant program, and a technical assistance program to benefit Maryland's small and minority-owned businesses will provide much needed assistance to businesses to recover from the negative economic impact brought by the coronavirus pandemic and keep countless small and minority-owned businesses viable.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 772.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 66-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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(410) 727-2820 • www.gbc.org

MDGA_SenatorHester_FAV_SB772.pdf

Uploaded by: Hester, Katie

Position: FAV

KATIE FRY HESTER
Legislative District 9
Carroll and Howard Counties

Education, Health, and
Environmental Affairs Committee

Chair, Joint Committee on
Cybersecurity, Information Technology
and Biotechnology



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB772 - Small Business COVID-19 Relief Act of 2021

February 24, 2021

Chairman Guzzone, Vice-Chair Rosapepe and members of the Senate Budget and Taxation Committee:

Thank you for your consideration of Senate Bill 772. Throughout the pandemic, small businesses across the State of Maryland have faced previously unimaginable challenges. Like many of you, my office has been inundated with calls from constituents and small businesses in need of financial and technical assistance in weathering these trying times. I want to thank this committee for all the support you've already provided through the RELIEF Act and its accompanying amendments. But our small businesses, particularly the smallest of the small and those overlooked in previous aid efforts, still need our help.

This bill would seek to address those outstanding areas of need through four initiatives:

1. Maryland COVID-19 Emergency Loan Program
2. Maryland COVID-19 Emergency Grant Program
3. Maryland COVID-19 Business Recovery Assistance Program
4. A subtraction modification for the most greatly impacted small businesses during COVID

All the above initiatives are targeted towards Maryland's hardest hit small businesses, based in and operating within the State, with 50 or fewer full time equivalent employees, and who have experienced a loss of revenue of greater than 25%. Additionally, where applicable, each of these programs requires that aid be prioritized to businesses of 10 employees or less, followed by those with between 11 and 25 employees, and then those with 26 to 50 employees. This is intended to make sure small businesses with less capacity to navigate state systems and complete applications are not crowded out of these programs by virtue of their size.

Maryland COVID-19 Emergency Loan Program

This program, administered by the Department of Commerce, would provide emergency loans to small, minority, or women-owned small businesses throughout the State of Maryland that have

met the parameters for “eligible small businesses” as mentioned above. Loans made under this program will be interest free for at least the first 12 months, and may not require the provision of collateral. The funding provided through these loans can be used as working capital for payroll, rent or mortgage expenses, utility expenses, or other similar operating expenses.

This provision is modeled after the excellent work the Department of Commerce has done through their Emergency Loan Program over the past year.

Maryland COVID-19 Emergency Grant Program

This program, administered by the Department of Commerce, would provide emergency grant funding to eligible small businesses as defined above across the State of Maryland through our 24 local jurisdictions. Counties will apply to the Department for a distribution of funds on a per capita basis, and may establish any other grant qualifications.

This program is intended to provide Counties with the grant funding necessary to help small businesses in their own communities that may not have received necessary attention in previous rounds of aid funding. It is also modeled after the excellent work of the Department last year in administering emergency grants throughout the State.

Maryland COVID-19 Business Recovery Assistance Program

This program, administered by the Maryland Small Business Development Center, will provide technical assistance to “eligible small businesses,” by pairing them with businesses providing technical services at pre-negotiated rates. It also creates a companion COVID-19 Business Recovery Assistance Fund to help cover the cost of technical assistance to eligible small businesses.

This program is modeled after the Strategic Assistance Consulting Fund (SACF), which was active in the State of Maryland from 2001 to 2011. The intent of this program is to connect businesses to businesses to make sure our small businesses have the technical support they need to reopen their doors and stay open throughout a recovery effort.

Gross Income Subtraction Modification

This provision allows “eligible small businesses,” as defined above, who did not earn more than \$5 million in gross revenues during calendar year 2019 to subtract the first \$100,000 of earned income from their Federal adjusted gross income to determine Maryland adjusted gross income. This provision is intended to provide much needed tax relief for Maryland’s hardest hit Small Businesses.

Throughout the recovery effort, the [99.5% of Maryland Businesses that are “Small Businesses”](#) will need significant assistance. According to FEMA, 40% of businesses do not reopen following a disaster. Of those that do reopen, another 25% fail within one year. Similar research from the Small Business Administration indicates that over 90% of businesses fail within two years after being struck by a disaster. Recovery doesn't end when a business reopens their doors. It continues through the years following a disaster. This legislation will help provide our hardest hit small businesses with resources to weather the coming months, and marries it with the necessary technical assistance to make sure they have the management and business practices in place to put these resources to good use and fully recover over the long term. **I respectfully request a favorable report on SB772.**

Sincerely,

A handwritten signature in cursive script that reads "Katie Fry Hester".

Senator Katie Fry Hester
Carroll and Howard Counties

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Uploaded by: Lehman, Mindy

Position: FAV



SB 772 – Small Business COVID-19 Relief Act of 2021

**Senate Budget and Taxation Committee
February 9, 2021**

Support

The Maryland Bankers Association represents FDIC-insured community, regional and nation-wide banks that employ more than 26,000 Marylanders and have over 1,400 branches across our State. The Maryland banking industry serves about 6 million customers across the State and provides an array of financial services including business lending, residential mortgage lending, business banking, estates and trust services, consumer banking and more.

SB 772 would establish the Maryland COVID-19 Emergency Loan Program in the Department of Commerce to provide working capital to assist Maryland for-profit small businesses, disrupted due to COVID-19, and offer interim relief “complementing actions with those of businesses’ banks, business interruption insurance, and financial partners.” Maryland banks stand by their clients and communities and are committed to serving as a source of strength and stability, especially during times of need, such as the pandemic. Over the past year, MBA member banks, serving as economic first responders, immediately jumped into action to respond to the needs of homeowners, small businesses, customers and communities. MBA supports SB 772, which will provide additional, important relief to Maryland small businesses and nonprofits that continue to struggle during the pandemic.

MBA and MBA’s member banks have been actively involved in a variety of ways working with a number of stakeholders, including the U.S. Treasury, the Small Business Administration, federal agencies and banking regulators, Community Development Financial Institutions, business groups and more to help customers and business clients meet their current and financial developing needs. For example, in round one of the federal Paycheck Protection Program, a brand new small business grant program created by the Federal CARES package, Maryland banks immediately rolled up their sleeves to work round the clock with the Small Business Administration, Treasury and Maryland small businesses. The result – by August 8, small businesses and nonprofits, across Maryland, received over 86,000 forgivable loans totaling more than \$10 billion. Maryland banks deployed almost 90% of the PPP loans. These loans helped support more than 950,000 in Maryland and helped sustain the State's businesses and nonprofits. And this support and commitment from Maryland banks remains strong. In the first two weeks of PPP round two, 14,645 PPP round two loans have been made in Maryland worth \$1.45 billion. This is just one example of the ways Maryland banks are working to support small businesses, help the economy and support Maryland jobs and employment.

Maryland banks are hard at work helping Maryland businesses and nonprofits experiencing financial difficulty. MBA supports SB 772 that will create additional tools to help Maryland small businesses and nonprofits through these challenging times. MBA urges a favorable Committee Report.

Testimony_SB772 Covid Relief.pdf

Uploaded by: McClarty, Leonardo

Position: FAV

SUPPORT

SB 772 Small Business COVID–19 Relief Act of 2021

The Howard County Chamber of Commerce (Chamber) is a business organization comprised of small businesses, corporations, non-profits, and governmental agencies all working together for the betterment of the Howard County business community. Our mission is to provide advocacy, connections, and access to timely information to advance the growth and success of the Howard County business community.

We come to you at this moment on behalf of our 700 plus member companies and others out of support for SB 772. Access to capital is a major hurdle for many small businesses when they set out launch their dream of entrepreneurship. For minority and women-owned businesses, this issue is even more daunting as they often cannot rely on traditional lending mechanisms nor their families. Consequently, these businesses start out undercapitalized and are incapable of weathering economic downturns or slow business periods. This has never been more prevalent than during the Covid 19 pandemic.

We have seen countless hand small businesses close over the past year leaving men and women unemployed and dreams shattered for their owners. Without emergency grant and loan programs, many more businesses would have been shuttered. Unfortunately, many of these programs will be short lived unless there is recognition and understanding that there must be a mechanism in place to address future emergencies.

One of the many lessons of Covid 19 is that we must have state level emergency programs in place and ready to support small businesses should we have unforeseen economic circumstances. The Maryland Department of Commerce and the Small Business Development Center (SBDC) network performed admirably during the Covid 19 pandemic. Yet, they did not have the resources they needed to support all the businesses requiring assistance.

In passing SB 772, we will have a program that will enable the Maryland Department of Commerce and small business supporting agencies to make emergency loans and working capital to small businesses should there be another emergency that decimates business and the local economy like Covid 19.

Our small businesses have been decimated by the remnants of the coronavirus pandemic and to no fault of their own. It is paramount that we learn from the past year and one lesson is that business supporting agencies like the Department of Commerce and the SBDC must have



6240 Old Dobbin Lane ■ Suite 110 ■ Columbia, MD 21045

emergency resources at their disposal because our small businesses are counting on it. In closing, we ask that the Committee members give SB772 a favorable report.

NFIB -Small Business COVID-19 Relief Act - SB772 (

Uploaded by: O'Halloran, Mike

Position: FAV



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Budget and Taxation Committee

FROM: NFIB – Maryland

DATE: February 24, 2021

RE: **SUPPORT SENATE BILL 772** – Small Business COVID-19 Relief Act of 2021

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB supports Senate Bill 772 – emergency legislation directing \$60 million of federal financial assistance towards loan, grant, and programming focused on assisting small businesses recover from the COVID-19 pandemic.

Maryland’s small businesses are facing an unprecedented economic crisis because of COVID-19. March 5, 2021 will be one year since Governor Hogan declared a state of emergency in response to the pandemic. Since then, thousands of small businesses were forced to close their doors, restrict their capacity, and let go employees. But during that time, the State has also provided critical financial assistance to these same businesses. Over \$500 million in emergency economic relief has made its way to help Maryland’s job creators stay afloat. This relief, along with various county and local programs, have provided a much-needed lifeline to small businesses.

Senate Bill 772 will continue efforts to reignite Maryland’s economy. The grants provided for in SB772 will allow small businesses to put that money towards hiring back workers, increasing stock, and upgrading their facilities to provide the safest workspaces possible for employees and customers alike. SB 772 also establishes a loan program giving small businesses access to capital for rent or mortgage expenses, utility bills, and other operating costs.

Finally, SB772 provides much needed tax relief for small business owners on their personal income returns.

SB772

With only four percent of small business owners reporting they are back to pre-COVID conditions and one-in-four owners saying they will have to close their doors for good if economic conditions don't improve soonⁱ, now is the time to pass SB772. Maryland small businesses employ half of our state's labor force but have felt an outsized impact of the pandemic. We encourage the General Assembly to consider this as they look for ways to help Marylanders recover from the effects of the COVID-19 pandemic.

For these reasons, **NFIB supports SB772** and request a favorable report.

ⁱ Source: NFIB Research Center - <https://www.nfib.com/content/press-release/coronavirus/one-in-four-small-business-owners-will-close-doors-if-economic-conditions-dont-improve-soon/>

SB772 - MoCo Chamber - Small Business COVID-19 Rel

Uploaded by: Swanson, Tricia

Position: FAV



To Lead, Advocate and Connect as the Voice of Business

Senate Bill 772 - Small Business COVID-19 Relief Act of 2021

Budget and Tax Committee

February 24, 2021

SUPPORT

The Montgomery County Chamber of Commerce (MCCC), as the voice of Montgomery County business, strongly supports Senate Bill 772. This emergency bill establishes the Maryland COVID-19 Emergency Loan Program in the Department of Commerce to provide working capital to assist Maryland for-profit small businesses, the operators of which have been disrupted due to COVID-19, and offer interim relief complementing actions with those of businesses' banks, business interruption insurance, and financial partners.

The bill also establishes the Maryland COVID-19 Emergency Grant Program and the Maryland COVID-19 Recovery Assistance Program for small businesses across the state who had more than 25% reduction in operations due to the global pandemic.

Over the last 11 months, the Chamber has been actively involved with businesses from across the County and state advocating for the issues that are most impacting them during this global pandemic. MCCC has also hosted webinars on best practices in this new COVID-19 world. And through these webinars, and in advocating for our members, what we are hearing is essential to a business' survival is the infusion of cash through grants and loans.

The Chamber applauds emergency legislation and the intent to get businesses the resources they need expeditiously. Montgomery County small businesses need cash-on-hand now and the State has more flexibility to get funding more quickly to these businesses. For the aforementioned reasons, **the Chamber strongly supports Senate Bill 772 and respectfully urges a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.

Tricia Swanson, Vice President, Government Relations
Montgomery County Chamber of Commerce
301-738-0015 www.mcccmd.com

Support BWI Concessions_SB772 & Guzzone_COVID-19 R

Uploaded by: Giaimo, Robert

Position: FWA

February 22, 2021

By E-mail

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West, Miller Senate Building
Annapolis, MD 21401

RE: Critical Amendment to Small Business COVID-19 Relief Act of 2021 (the “Act”) is needed to protect hundreds of high-quality jobs at BWI Thurgood Marshall Airport (“BWI”)

Dear Chairman Guzzone,

The signatories to this letter are concessionaires at BWI, who collectively employ hundreds of Maryland residents in high-quality jobs. We are writing you to express our strong support for W/Amendment SB 772- Small Business COVID-19 Relief Act of 2021 (the “Airport Amendment”). The Airport Amendment would offer extensions of subleases at BWI by up to five years, ***giving businesses at the State’s flagship airport a chance to navigate and recover from the devastating impact of the COVID-19 pandemic.***

To date, Fraport and the Maryland Aviation Administration have provided much needed rent relief and have proposed a universal two-year lease extension which provides some tenants with leases through December 2027, which is appreciated. For those with leases expiring prior to December 2025, however, longer-term lease extensions, up to five years, providing *all tenants* with extensions that take them through 2027, and *allow all concessionaires the same opportunity* to recoup losses that have been incurred, and will continue to be incurred until passenger traffic returns to pre-pandemic levels. Accordingly, the Airport Amendment is a critical legislative solution for the BWI airport concessionaire community, including employees, airport patrons, and the State of Maryland. Here is some important background:

- 1. Decimated Passenger Traffic Has Led to Millions of Dollars of Losses.** Airport concessionaires have been devastated by the COVID-19 pandemic and the associated decrease in enplanements and passenger traffic (currently down 65%-70% relative to 2019). This loss of passenger traffic has driven down revenue since the beginning of the pandemic (now approaching a full year) and has resulted in millions of dollars of losses.
- 2. The Employees and Entire Community at the State’s Flagship Airport are Harmed.** These long-term losses threaten the viability of concessionaire operations and therefore the jobs and livelihoods of airport employees, the investment and efforts of concession owners, the travel experience of airport patrons at BWI, and the revenue received by the State.
- 3. Rent Relief and Short-Term Extension aren’t Sufficient; Longer-Term Lease Extensions Needed.** The rent relief provided to date, and the universal *short-term* extension proposed by the Maryland Aviation Administration, while appreciated, aren’t sufficient for concessionaires with leases expiring prior to December 2025 to offset these devastating long-term losses and provide the cash needed to continue operations. For those with leases expiring prior to December 2025, longer-term lease extensions providing all tenants with extensions that take them through 2027 are needed to level the playing field and allow concessionaires an opportunity to recoup losses that have been incurred and will continue to be incurred for years to come. All industry sources indicate that airline travel is not expected to return to pre-pandemic levels for ***at least three years***. Moreover, longer-term lease extensions also provide the ability to secure capital to fund ongoing losses.
- 4. Longer-Term Lease Extension is a No-Cost Solution; Inaction is Costly.** A longer-term lease extension costs the State no money, while inaction will lead to further concessionaire closures, depriving the State of much needed revenue provided by experienced operators once travel resumes, and leading to significant further job losses at the airport.

5. Lease Extensions Have Worked for Other Airports. Other airports (e.g., Atlanta and Minneapolis-St. Paul), at the early stages of the pandemic put together similar economic support packages for concessionaires that include longer-term lease extensions that help ensure concessionaire viability as well as allow concessionaires to realize the potential of their investment and efforts once the pandemic is over.

This matter needs your urgent attention, as concessionaires cannot continue to lose money at such an incredible rate without assurance of a long-term post-pandemic future at BWI. We ask that as the Budget and Taxation Committee considers the Act, they favorably consider the addition of the Airport Amendment. Of course, we would appreciate the opportunity to speak with you as soon as possible. Please let us know a time that works for you.

Sincerely,

Silver Diner, Inc.

- 1) Creative Foods- 3 locations
 - Phillips Seafood - Local Maryland based
 - Sir Veza's Kitchen
 - Market Express
- 2) On Site Retailers - ACDBE 4 locations and partners in 3 others
 - Onsite News - 2 locations
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 - Charm City Market
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 - 2 Auntie Anne's Pretzel
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SB0772-BT_MACo_SWA.pdf

Uploaded by: Kinnally, Kevin

Position: FWA



Senate Bill 772

Small Business COVID-19 Relief Act of 2021

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: February 24, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 772's strong commitment to delivering meaningful relief to small businesses hardest hit by the COVID-19 pandemic **WITH AMENDMENTS** to guard against the carryover fiscal effects of this bill, which would undermine county revenues and support for schools, public health, public safety, and other essential community services – including those most critical during this crisis itself.

SB 772 establishes several grant and loan programs for small businesses suffering financially amidst the pandemic. Strengthening Maryland's small businesses is critical for a strong post-COVID recovery, and MACo appreciates the bill's flexibility in allowing counties to apply for and distribute funds to local businesses. County concerns are merely cost-driven, as the bill grants a costly subtraction modification that would deplete county revenues – without any local action or input.

The swift and unprecedented shock of the COVID-19 public health crisis has also wreaked havoc on the economy. County governments are not only the front lines for public health and safety during these challenging times, they also face revenue shortfalls from the drop in central funding sources. As the focus shifts to restoring our state and local economies in a manner that is safe, equitable, and prosperous for all, counties are eager and committed partners in promoting economic growth and creating opportunity – we prefer local autonomy in determining the best way locally.

Property taxes show the best collaborative way to enact targeted tax relief. The State and its local governments already work together here – where the State routinely grants a state-level tax credit, but then enables county governments to enact their own as a local option.

State proposals that involve local revenue sources can be enacted as “local option” offerings, to allow counties maximum flexibility to achieve local goals. MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy.

MACo and county governments hope the Committee finds these comments helpful. Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input. Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on SB 772.

Support BWI Concessions_SB772 & Guzzone_COVID-19 R

Uploaded by: Rudich, Kyle

Position: FWA

February 22, 2021

By E-mail

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Chair, Senate Budget and Taxation Committee
3 West, Miller Senate Building
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RE: Critical Amendment to Small Business COVID-19 Relief Act of 2021 (the “Act”) is needed to protect hundreds of high-quality jobs at BWI Thurgood Marshall Airport (“BWI”)

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SB772.Informational.MDRTL.L.Bogley.pdf

Uploaded by: Bogley, Laura

Position: INFO



Informational Statement – SB772
Small Business COVID–19 Relief Act of 2021
Laura Bogley, JD - Director of Legislation, Maryland Right to Life

On behalf of our chapters and members across the state, I respectfully request that you vote to exclude abortion providers, abortion services and abortion education from eligibility for public funding through Covid-19 relief funds. There is *bi-partisan unity* on prohibiting the use of taxpayer funding for abortion. 58% percent of those surveyed in a January 2021 Marist poll say they oppose taxpayer funding of abortion. We appeal to you to prioritize the state’s interest in human life and restore to all people, our natural and Constitutional rights to life, liberty, freedom of speech and religion.

ABORTION EXEMPTED FROM COVID CLOSURES - Abortion providers in Maryland were exempted by Governor Larry Hogan from Covid-related restrictions as “essential services” and should not be eligible for Covid relief. Instead, abortion providers were permitted to take advantage of Governor Hogan’s emergency orders to expand their use of teleabortion to distribute chemical abortion pills without physicians **as required by Maryland law and the Food and Drug Administration**. As a result, *abortion sales have increased, not decreased during the Covid pandemic*. Still, Maryland taxpayers already have been forced to provide Covid-19 related grant funds to abortion providers. Planned Parenthood alone has received at least two Covid grants in the amount of \$80,000.00 through the **Community Resource Commission**.

ABORTION HAS A PUBLIC COST – The lives of Maryland citizens were put at risk by the continued operations of abortion businesses during Covid-related medical scarcities. By allowing abortion businesses to remain in operation during Covid medical scarcities, the state enabled abortion businesses to compete for critical emergency care personnel, PPE and supplies. Chemical abortion pills are *4 times more dangerous* than surgical abortions, and 50% of women experiencing abortion pill complications are sent to emergency rooms for lifesaving interventions. While hospitals were begging for additional PPE *to save lives*, abortion businesses were increasing the demand for hospital emergency services and supplies, yet soliciting donations of PPE for themselves *to continue taking lives*.

ABORTION IS BIG BUSINESS – Abortion is a 2 BILLION DOLLAR private industry that does not require or deserve public funding. Abortion is big business in Maryland and 60% of the members of the Maryland General Assembly were endorsed by the National Abortion Rights Action League (NARAL) in the last gubernatorial election. (Please see [BloodMoneytheFilm](#) .) According to the Maryland Department of Legislative Services in their *Analysis of the FY2021 Maryland Executive Budget*, Maryland taxpayers, through the **Maryland Medical Assistance Program**, are being forced to pay for *elective* abortions. We spent at least \$6 million for 9,660 abortions, of those zero were for rape, incest or life of the mother. Taxpayers pay many more millions of dollars through MDH and MDE grants as well as for

subsidies to biomedical research labs and universities that increase the demand for aborted babies in Maryland to conduct unnecessary and unsuccessful embryonic and fetal tissue research.

PREGNANCY IS NOT A DISEASE - The fact that 85% of OB-GYNs in a representative national survey will not participate in abortions is glaring evidence that abortion is not an essential part of women's healthcare and should not have been exempted from Covid closures as an "essential service". Women have better options for family planning and well woman care, in fact there are 14 federally qualifying health centers for each Planned Parenthood in Maryland. Only 1% of women choose adoption because the state prioritizes abortion over adoption counseling and programs.

Abortion is *never medically necessary* to save the life of a woman - In the rare case of severe pregnancy complications, hospitals, not abortion clinics, may decide to separate the mother and child and make best efforts to *sustain the lives of both*. This is different from an abortion, which involves the *purposeful termination of fetal human life*. Prior to the Supreme Court's imposition of their decision in *Roe v. Wade* in 1973, the Maryland legislature had enacted a ban on abortion and only would allow exception for the physical life of the mother, if two physicians agreed that termination of the pregnancy was necessary to avoid the imminent death of the mother. Science has advanced beyond this point to support that *both lives can be saved*.

LOVE THEM BOTH -80% of Americans polled favor laws that protect both the lives of women and unborn children. Public funds should not be *diverted from* but *prioritized for* health and family planning services which have the objective of *saving the lives* of both mothers and children, including programs for improving maternal health and birth and delivery outcomes, well baby care, parenting classes, foster care reform and affordable adoption programs.

FUNDING RESTRICTIONS ARE CONSTITUTIONAL - The Supreme Court has held that the alleged constitutional "right" to an abortion "*implies no limitation on the authority of a State to make a value judgment favoring childbirth over abortion, and to implement that judgment by the allocation of public funds.*" When a challenge to the constitutionality of the Hyde Amendment reached the Supreme Court in 1980 in the case of *Harris v. McRae*, the Court ruled that the government may distinguish between abortion and other procedures in funding decisions -- noting that "*no other procedure involves the purposeful termination of a potential life*" -- and affirmed that ***Roe v. Wade* had created a limitation on government, not a government funding entitlement.**

For these reasons, we respectfully urge you to vote against any and all measures to allocate public funds to abortion providers, services, education, training or promotion, including through Covid-related relief, grants or loans. We thank you for your consideration for the equal value of each human being, born and preborn and the rights of citizens to not subsidize the state-sanctioned killing of human beings. Thank you.

SB 772 Sm Bus COVID-19 Relief Act (Hester) B&T 2.2

Uploaded by: Wilkins, Barbara

Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 772 Small Business COVID-19 Relief Act of 2021 Emergency Bill (Hester)

STATEMENT OF INFORMATION

DATE: February 24, 2021

COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL: SB 772 expresses legislative intent that \$60 million of federal COVID-19 stimulus provided after Jan 1, 2021 shall be used to provide small business relief, if the use is a permissible one. Small business relief is provided through three different programs: (1) Emergency Loan Program (small businesses with 50 or less employees, which has experienced a 25% gross revenue decline within the months of March-June 2020 over March-June 2019); (2) Emergency Grant Fund (15 or less employees, which has experienced the 25% gross revenue decline during the March-June period) provides grants to counties for distribution to small businesses; and (3) Business Recovery Assistance Program (small business with 50 or less employees, which has experienced a 25% gross revenue decline during the March-June period) to be administered by the Small Business Development Network Center at the University of Maryland at College Park and assist small businesses to recover and adapt to a post-COVID business environment.

The bill also provides an income tax subtraction modification in the amount of \$100,000 in tax year 2020 for small businesses who employed 50 or less employees in calendar year 2019 and who earned \$5 million or less in gross revenues during calendar year 2019.

The Department of Budget and Management must notify the Department of Legislative Services within five days of receiving these federal funds; programs take effect upon this notification, if funding is received before Dec 31, 2021. If notice of the receipt of the eligible financial assistance is not received by the Department of Legislative Services on or before December 31, 2021, the three small business relief programs shall be null and void.

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.

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**