

SB0753 -03.16.21-COVID19 Business Relief Distribut

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POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE FINANCE COMMITTEE

SENATE BILL 753 – DEPARTMENT OF COMMERCE – COVID-19 BUSINESS RELIEF DISTRIBUTION – REPORTING Sponsor: Senator Hayes

March 16, 2021

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 753, which would require the Department of Commerce to submit to the House Appropriations and Senate Budget and Taxation Committees a report containing demographic information, including race, age, gender, and socioeconomic status, of each recipient of COVID-19 business relief in the state. It would include all small business relief and other financial assistance intended to address the economic impact of COVID-19.

Time Magazine reported on a national online survey of 500 African-American and Latinx-owned small businesses conducted by the Global Strategy Group concerning aid distribution from the federal Paycheck Protection Program. The survey revealed that just 12% of these businesses received the full assistance they requested while two-thirds did not receive any. While Congress included language prioritizing female, minority-owned, and rural businesses, there was no enforcement mechanism. The Small Business Administration Inspector General stated that minority, women owned, and rural businesses may not have received the loans as intended.

Senate Bill 753 aligns with the GBC's 2021 Legislative Priorities, which included:

- 1) **Advocate for policy, funding, and regulatory solutions to accelerate economic recovery with an emphasis on support for small and minority-owned businesses, and**
- 2) **Advocate for inclusive policies and programs that strengthen economic competitiveness and job creation.**

This reporting bill achieves both of these goals by promoting legislative oversight into the allocation process of coronavirus business relief funding. It would highlight any equity discrepancies in the distribution of aid.

In the Greater Baltimore Committee report *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, eight core pillars were identified for a competitive business environment. An essential pillar is **strategic and effective state investments in business growth**. This bill would be instrumental in allowing the state to determine ways in which Maryland can most effectively help its businesses recover from the pandemic.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 753.

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.

G R E A T E R B A L T I M O R E C O M M I T T E E

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SB 753_Commerce Amendments 030321.pdf

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BY:

AMENDMENT TO SENATE BILL 753
(First Reading File Bill)

In line 7, strike “30” and substitute “60”; in line 11, strike “the” and substitute “aggregate survey results reporting” and strike “age,”; in line 12, strike “socioeconomic status, of each recipient” and substitute “veteran status of recipients”; strike beginning with “in the State” in line 12 down through “COVID-19” in line 14 and substitute “disbursed by the Maryland Department of Commerce to for-profit private businesses under the Department’s COVID-19 Small Business Emergency Relief Loan and Grant Funds”; in line 15, after “contain” insert “each recipient’s name, the amount the recipient received in assistance from the Funds described in paragraph (1) of this Section, and”; after line 15, insert “(3) the information described in paragraphs (1) and (2) of this Section shall be made publicly available on the website of the Maryland Department of Commerce.”

EXPLANATION:

Changes the mandatory submission date from 30 to 60 days after enactment of the bill to allow time for formatting and ensuring data is up to date and accurate.

Commerce has already started gathering and posting data on its Covid-19 Emergency Relief Grant and Loan Fund program recipients. Follow up surveys to the more than 13,000 recipients has allowed the Department to enhance its data. To avoid revealing personally identifiable information, all data on race, ethnicity, gender and veteran status has been provided in an aggregate form. The amendment codifies Commerce existing reporting.

Commerce is unable to report on any other assistance program outside of the emergency relief programs it administers. This amendment clarifies that the report mandated by this bill will focus on Commerce emergency relief programs.

Commerce will provide on its website a list containing the business name, the geographic location, the amount of relief provided, and the fiscal year of the relief.

SB 753_Commerce Reporting_LOI.pdf

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DATE: March 16, 2021
BILL NO: Senate Bill 753
BILL TITLE: Department of Commerce – COVID-19 Business Relief Distribution - Reporting
COMMITTEE: Senate Finance

Statement of Information

Bill Summary

Senate Bill 753 would require the Department of Commerce (Commerce) to submit a report to both the House Appropriations Committee and the Senate Budget and Taxation Committee on COVID-19 business relief recipients that contains both demographic and geographic information on all recipients. Demographic information that would need to be collected would include: Race, Age, Gender and Socioeconomic Status.

Commerce would be required to report on businesses that received “small business relief, federal funds, grants, loans, and other financial assistance intended to address the economic impact of COVID-19.” This report would be required to be submitted “within 30 days after the enactment of this Act.”

Current Reporting on Emergency Relief Funds

Between March and December 2020, the Department of Commerce approved and disbursed \$216 million in COVID-19 Emergency Business Assistance in the form of grants and loans. This totaled 15,900 transactions. Since August, Commerce has made public a list that includes the business name, location (jurisdiction) and amount of the grant or loan¹. Additionally, on several occasions the Department has provided demographic and veteran status of recipients in the aggregate. We will begin adding this information to the Commerce website along with the list of recipients.

Our application forms asked applicants to provide information such as business description, location and industry sector as well as personal identifiable information such as race and gender of the business owners.

Approval of an application for funding was not contingent on whether an applicant provided this information. Many applicants chose to leave the questions blank or check multiple identifying categories making the collection and reporting of accurate data challenging. To ensure that Commerce collected as much demographic data as it could, the Department also sent out a

¹ <https://commerce.maryland.gov/fund/maryland-small-business-covid-19-emergency-relief-fund-programs>

demographic survey to all COVID-19 Grant and Loan aid recipients. Approximately 6,000 recipients responded to the survey out of approximately 14,000 total aid recipients. All recipients were asked to report their race, ethnicity, veteran status, and gender. Questions on age and socioeconomic status were not asked. Data from the survey was combined with data collected through the application process to ensure that data from the maximum number of recipients was analyzed. Note that this data was collected under a promise of confidentiality, and that only summary data was expected to be released.

As all applicants were required to report their business location, the Department has reasonably accurate geographic data for all aid recipients, whether or not they answered any demographic questions.

Concerns with Bill

Study Scope: As this bill is written, the scope of the study is unclear. The bill does not ask Commerce to report only on COVID-19 business relief that was disbursed through its own channels but on other relief programs administered either by the Federal government or other State agencies for which Commerce does not have data.

Practical Data Collection Issues: Commerce has already surveyed almost all recipients of relief funding that it has directly provided relief to. It is theoretically possible that Commerce could survey recipients of the various programs that have not yet been surveyed. However, this could not be done within 30 days. In addition, as this data must be voluntarily provided, many survey recipients would choose not to respond, just as with our last demographic survey. And for some recipients (e.g. Maryland COVID-19 Emergency Relief Manufacturing Fund and the Maryland COVID-19 Emergency Relief Grant Fund for 501(C)(6) Nonprofits) they are structured as corporate entities that do not have a demographic or racial identify.

Recommended Amendments

Commerce has and will continue to report on all of its business assistance programs, be they emergency relief or standard business assistance. Our data and information on the COVID-19 Emergency Business Assistance is publicly available and will continue to be made publicly available.

The scope of Senate Bill 753 exceeds our reporting capabilities and the data we currently have. We have offered amendments to reflect our what we can reasonably do. We have met with the sponsor, shared with him our current reports, our current demographic data and the proposed amendments.

We respectfully request the Committee consider these amendments in its deliberations of this bill so that Commerce can provide a report this informative and within our capabilities.