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HOUSE BILL 1014 Small Business COVID-19 Relief Act of 2021 Emergency Bill (Qi)

STATEMENT OF INFORMATION

DATE: February 25, 2021

COMMITTEE: House Ways & Means

SUMMARY OF BILL: HB 1014 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; (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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