

# Non-Sales and Use Tax Grants, Maryland Economic Development Assistance Authority and Fund, Department of Commerce

\$10.0 Million (T00F00.23)

## Purpose: Recovery Now Funding

The Maryland Economic Development Assistance Authority and Fund shall provide up to \$9,000 grants to businesses that do not require them to collect business sales and use tax and demonstrate a need for assistance. At least 15% of the amount distributed shall be distributed to disadvantaged businesses. Priority shall be given to businesses that have not received prior funding from the Authority.

## April 21 - Program Highlights and Plans to Allocate Remaining Balance:

- The Department of Commerce (Commerce) began accepting applications on March 30, 2021 and ended the acceptance period at 11:59PM on April 6, 2021.
  - As of April 6, 20201 after the acceptance period closed:
    - 3,062 applications were started or submitted;
      - 1,331 applications were pre-qualified and submitted;
      - 423 applications were pre-qualified but not submitted; and
      - 1,308 applications were not qualified.

County	Applications in Review	Amount Requested	Percentage of Apps Expected	Percentage of Expected Funds	Status
Allegany	8	\$64,500	61.5%	56.6%	Undersubscribed
Anne Arundel	123	\$1,090,299	116.0%	112.8%	Oversubscribed
Baltimore City	115	\$1,003,300	110.6%	105.7%	Oversubscribed
Baltimore	127	\$1,094,370	84.7%	80.4%	Undersubscribed
Calvert	14	\$118,357	82.4%	76.9%	Undersubscribed
Caroline	6	\$49,823	100.0%	90.6%	As Predicted
Carroll	35	\$294,864	112.9%	106.1%	Oversubscribed
Cecil	6	\$54,000	31.6%	31.8%	Undersubscribed
Charles	24	\$210,000	80.0%	76.4%	Undersubscribed
Dorchester	4	\$36,000	66.7%	67.9%	Undersubscribed
Frederick	51	\$444,050	104.1%	100.2%	Oversubscribed
Garrett	4	\$36,000	80.0%	76.6%	Undersubscribed
Harford	41	\$357,500	87.2%	83.9%	Undersubscribed
Howard	80	\$705,385	133.3%	129.0%	Oversubscribed
Kent	4	\$36,000	100.0%	112.5%	As Predicted
Montgomery	351	\$3,100,074	184.7%	178.2%	Oversubscribed
Prince George's	168	\$1,477,900	102.4%	98.7%	Oversubscribed
Queen Anne's	21	\$185,999	233.3%	221.4%	Oversubscribed
Somerset	1	\$9,000	20.0%	21.4%	Undersubscribed
St. Mary's	14	\$117,044	66.7%	61.6%	Undersubscribed
Talbot	9	\$78,000	128.6%	125.8%	Oversubscribed
Washington	57	\$506,400	203.6%	202.6%	Oversubscribed
Wicomico	57	\$495,108	300.0%	286.2%	Oversubscribed
Worcester	11	\$97,500	110.0%	112.1%	Oversubscribed
<b>Statewide</b>	<b>1,331</b>	<b>\$11,661,473</b>	<b>121.0%</b>	<b>116.6%</b>	<b>Oversubscribed</b>

- Commerce continued its outreach and marketing strategies to ensure the program reaches as many businesses as possible with the goal of providing equitable distribution of these funds across a diverse group of business owners and regions.
  - Commerce drafted and posted online: program eligibility, guidelines, and application requirements Tuesday, March 15, 2021.
  - Commerce sent out a third alert of the program on March 30, 2021 to over 30,000 businesses, business groups, community organizations, advocacy groups, economic development professionals, and elected officials, alerting them that the application was now open.
  - Commerce reached out to the undersubscribed county officials and legislators on April 2, 2021.
  - Commerce reached out to the applicant's who were prequalified but had not submitted their application by April 5, 2021, reminding them to submit their application prior to the application deadline. An additional reminder went out on April 6, 2021.
  - To ensure that applicants who were not qualified were filling out their applications correctly, Commerce reached out to those that may have answered incorrectly with clarifying information on April 2, 2021. This clarifying information was also posted on the application instructions.
- Commerce finalized training material and provided training to grant reviewers.
- Commerce started the review process of applications on April 14, 2021.
  - As of April 16, 2021 12pm Commerce has completed the review of 317 applications.

#### **April 21 - Programmatic and/or Implementation Issues:**

- Commerce spoke with the Maryland Comptroller's office who said that technically, no company would qualify under a literal reading of the statute, so Commerce will need to apply some common-sense standards to decide which ones are intended to be included.
- Commerce has already spoken with the bill drafters and has received some clarity on the intent of the statute, which was to reach businesses that were not adequately reached under prior relief programs.
- While it is generally possible to claim that services-providing companies do not pay sales & use tax, and goods-providing companies do, there are exceptions to both. However, we are drafting a starter list of NAICS codes for services-providing companies to use in filtering applicants. Commerce will then need to review some applicants more closely to see if they will qualify.
- The Comptroller does not require any business to declare that it is sales tax-exempt, nor does it track these companies. However, they may be able to help us decide which companies have sales that are mostly services-related and therefore are not taxed. Commerce will send the Comptroller a list of potential NAICS codes for program targeting, and the Comptroller will see if they can pull a list of companies in these NAICS codes who have filed a sales & use tax license and check to see if they have remitted sales tax collections to the State.

**April 21 - Anticipated Distribution of Funds:**

County	Population - 2021	Maryland Percentage	Total Applicants	Disadvantaged Applicants	Portion of Total
Montgomery	1,055,110	17.40%	191	29	\$1,739,545
Prince George's	908,743	15.00%	165	25	\$1,498,231
Baltimore	826,392	13.60%	150	23	\$1,362,461
Anne Arundel	586,656	9.70%	106	16	\$967,211
Baltimore City	575,584	9.50%	104	16	\$948,957
Howard	331,828	5.50%	60	9	\$547,080
Frederick	268,755	4.40%	49	7	\$443,092
Harford	258,559	4.30%	47	7	\$426,282
Carroll	168,807	2.80%	31	5	\$278,310
Charles	166,819	2.80%	30	5	\$275,032
Washington	151,835	2.50%	28	4	\$250,328
St. Mary's	115,090	1.90%	21	3	\$189,747
Wicomico	104,739	1.70%	19	3	\$172,682
Cecil	103,277	1.70%	19	3	\$170,271
Calvert	93,445	1.50%	17	3	\$154,061
Allegany	69,366	1.10%	13	2	\$114,363
Worcester	52,908	0.90%	10	2	\$87,229
Queen Anne's	50,847	0.80%	9	1	\$83,831
Talbot	37,395	0.60%	7	1	\$61,653
Caroline	33,606	0.60%	6	1	\$55,406
Dorchester	31,867	0.50%	6	1	\$52,539
Garrett	28,776	0.50%	5	1	\$47,443
Somerset	25,636	0.40%	5	1	\$42,266
Kent	19,398	0.30%	4	1	\$31,981
<b>Statewide</b>	<b>6,065,438</b>	-	<b>1,100</b>	<b>169</b>	<b>\$10,000,000</b>

Source: Department of Commerce, Department of Budget and Management