

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 7 - Program Highlights and Plans to Allocate Remaining Balance:

- The Department of Commerce (Commerce) began accepting applications on March 30, 2021.
 - As of April 1, 2021:
 - 1,692 applications were started or submitted;
 - 648 applications were pre-qualified and submitted;
 - 274 applications pre-qualified but not submitted; and
 - 770 applications were not qualified, so upon further review, Commerce reached out to those that may have answered incorrectly with clarifying information on April 2, 2021.

County	Applications in Review	Amount Requested	Percentage of Apps Expected	Percentage of Expected Funds	Status
Allegany	2	\$17,500.00	15.4%	15.9%	Undersubscribed
Anne Arundel	68	\$607,450.00	64.2%	62.6%	Undersubscribed
Baltimore City	39	\$332,509.00	37.5%	35.0%	Undersubscribed
Baltimore	53	\$462,051.00	35.3%	34.0%	Undersubscribed
Calvert	11	\$91,357.00	64.7%	60.9%	Undersubscribed
Caroline	2	\$15,000.00	33.3%	25.0%	Undersubscribed
Carroll	19	\$158,500.00	61.3%	56.6%	Undersubscribed
Cecil	3	\$27,000.00	15.8%	15.9%	Undersubscribed
Charles	13	\$117,000.00	43.3%	41.8%	Undersubscribed
Dorchester	3	\$27,000.00	50.0%	54.0%	Undersubscribed
Frederick	41	\$359,050.00	83.7%	81.6%	Undersubscribed
Garrett	1	\$9,000.00	20.0%	18.0%	Undersubscribed
Harford	25	\$215,500.00	53.2%	50.1%	Undersubscribed
Howard	41	\$362,885.00	68.3%	66.0%	Undersubscribed
Kent	2	\$18,000.00	50.0%	60.0%	Undersubscribed
Montgomery	148	\$1,312,163.00	77.5%	75.4%	Undersubscribed

County	Applications in Review	Amount Requested	Percentage of Apps Expected	Percentage of Expected Funds	Status
Prince George's	73	\$636,399.00	44.2%	42.4%	Undersubscribed
Queen Anne's	15	\$132,000.00	166.7%	165.0%	Oversubscribed
Somerset	1	\$9,000.00	20.0%	22.5%	Undersubscribed
St. Mary's	6	\$54,000.00	28.6%	28.4%	Undersubscribed
Talbot	5	\$42,000.00	71.4%	70.0%	Undersubscribed
Washington	34	\$303,400.00	121.4%	121.4%	Oversubscribed
Wicomico	36	\$316,600.00	189.5%	186.2%	Oversubscribed
Worcester	7	\$61,500.00	70.0%	68.3%	Undersubscribed
Statewide Total	648	\$5,686,864.00	58.9%	56.9%	Undersubscribed

- 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 has sent out the 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 analyzed September 2019 to September 2020 labor data to identify NAICS codes most impacted COVID-19. NAICS codes were divided into four Tiers to prioritize applications in industries with the greater job loss during that period.
- Commerce will accept applications from March 30, 2021 at 9 am to April 6, 2021 at 11:59 pm.
- Commerce began developing the reviewer portal and is in the process of creating training materials.
- Commerce will start the review process for applications on April 12th.

April 7 - 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 7 - 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
Statewide	6,065,438		-	1,100	169 \$10,000,000

Source: Department of Commerce, Department of Budget and Management