

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.

June 16 - Program Highlights and Plans to Allocate Remaining Balance:

- The Department of Commerce (Commerce) initially began accepting applications on March 30, 2021, and ended the initial acceptance period at 11:59PM on April 6, 2021.
- Commerce reopened the application portal from April 30, 2021, to May 24, 2021:
 - As of May 28, 2021:
 - 4,140 applications were started or submitted
 - 1,800 applications submitted
 - 1,798 applications reviewed
 - 1,131 applications approved

County	Applications Reviewed	Applications Approved	Approved Amount	County Portion by Population	Status
Allegany	10	4	\$35,000	\$114,363	Undersubscribed
Anne Arundel	169	113	\$1,005,051	\$967,211	Oversubscribed
Baltimore City	178	87	\$768,187	\$948,957	Undersubscribed
Baltimore	165	110	\$980,051	\$1,362,461	Undersubscribed
Calvert	19	13	\$115,913	\$154,061	Undersubscribed
Caroline	9	5	\$42,000	\$55,406	Undersubscribed
Carroll	50	30	\$251,364	\$278,310	Undersubscribed
Cecil	7	3	\$27,000	\$170,271	Undersubscribed
Charles	38	23	\$206,000	\$275,032	Undersubscribed
Dorchester	10	6	\$54,000	\$52,539	Oversubscribed
Frederick	70	52	\$459,400	\$443,092	Oversubscribed
Garrett	4	3	\$27,000	\$47,443	Undersubscribed
Harford	56	37	\$321,000	\$426,282	Undersubscribed
Howard	94	68	\$607,395	\$547,080	Oversubscribed
Kent	6	3	\$27,000	\$31,981	Undersubscribed
Montgomery	436	294	\$2,599,342	\$1,739,545	Oversubscribed
Prince George's	267	159	\$1,405,600	\$1,498,231	Undersubscribed
Queen Anne's	32	16	\$142,500	\$83,831	Oversubscribed
Somerset	2	1	\$9,000	\$42,266	Undersubscribed
St. Mary's	19	15	\$135,000	\$189,747	Undersubscribed

County	Applications Reviewed	Applications Approved	Approved Amount	County Portion by Population	Status
Talbot	12	8	\$69,000	\$61,653	Oversubscribed
Washington	64	35	\$312,400	\$250,328	Oversubscribed
Wicomico	65	34	\$301,499	\$172,682	Oversubscribed
Worcester	15	12	\$106,500	\$87,229	Oversubscribed
Statewide	1,797	1,131	\$10,007,202	\$10,000,000	Oversubscribed

- Commerce has approved 1,131 applications, but has not sent out all of the agreements, which is why the amount approved is greater than \$10,000,000. Commerce plans to send out all agreements today, June 11, 2021, which will actually equal \$10,000,000, not \$10,007,202.
- 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 applicants 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 extended the online application portal and continued outreach until May 24, 2021.
 - Commerce believes that all communication and county distribution efforts have been exhausted and therefore delivered funds to businesses in each jurisdiction proportionally based on population to the extent practicable.
- Commerce started the review process of applications on April 14, 2021.
- Commerce began analysis of reviewed applications to identify potential duplicate applications, ensure equitable distribution of grants by county population, and to confirm no applications were improperly approved or denied on April 27, 2021.
- Commerce conducted outreach to undersubscribed counties and constituents and reopened the application on April 30, 2021 - May 24, 2021, to fully encumber the funds in undersubscribed counties.

- Commerce began sending grant agreements to awardees on April 30, 2021.
- Commerce began reviewing grant agreements and processing disbursements on May 4, 2021.

June 16 - 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.

June 16 - Distribution of Funds:

- As of June 11, 2021, Commerce has processed 1,118 grants at \$9,894,602.
- Awardee list is included in a separate document.