

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.

March 10, 2021 - Program Highlights and Plans to Allocate Remaining Balance:

- The Department of Commerce (Commerce) has chosen SharePoint as the platform to support this effort. The platform will be administered internally by Commerce staff and staff are currently building out this application.
- Commerce is currently developing outreach and marketing strategies and materials 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 has sent out the first alert of the program on Wednesday, March 3, to over 30,000 businesses, business groups, community organizations, advocacy groups, economic development professionals, and elected officials.
- Commerce is currently working through eligibility requirements and funding priorities based on regions and NAICS codes and developing the application and workflows for the review teams.
- Commerce's Assistant Attorney General's office has determined that Commerce must use the SBA 8(A) Program to define economically disadvantaged businesses. These requirements are the individual must have: 1) Net worth less than \$750k; 2) AGI of less than \$350k; and 3) \$6 million or less in assets.
- Commerce has decided to open the program up to businesses that have 20 or less employees in concurrence with the federal government's changes to the Payroll Protection Program.

March 10, 2021 - 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.

March 10, 2021 - Anticipated Distribution of Funds:

County	Population 2021	MD Percentage	Total Applications	Disadvantaged Applications	Anticipated Distribution
Montgomery	1,055,110	17.4%	191	29	\$1,739,545
Prince George's	908,743	15.0%	165	25	\$1,498,231
Baltimore	826,392	13.6%	150	23	\$1,362,461
Anne Arundel	586,656	9.7%	106	16	\$967,211
Baltimore City	575,584	9.5%	104	16	\$948,957
Howard	331,828	5.5%	60	9	\$547,080
Frederick	268,755	4.4%	49	7	\$443,092
Harford	258,559	4.3%	47	7	\$426,282
Carroll	168,807	2.8%	31	5	\$278,310
Charles	166,819	2.8%	30	5	\$275,032
Washington	151,835	2.5%	28	4	\$250,328
St. Mary's	115,090	1.9%	21	3	\$189,747
Wicomico	104,739	1.7%	19	3	\$172,682
Cecil	103,277	1.7%	19	3	\$170,271
Calvert	93,445	1.5%	17	3	\$154,061
Allegany	69,366	1.1%	13	2	\$114,363
Worcester	52,908	0.9%	10	2	\$87,229
Queen Anne's	50,847	0.8%	9	1	\$83,831
Talbot	37,395	0.6%	7	1	\$61,653
Caroline	33,606	0.6%	6	1	\$55,406
Dorchester	31,867	0.5%	6	1	\$52,539
Garrett	28,776	0.5%	5	1	\$47,443
Somerset	25,636	0.4%	5	1	\$42,266
Kent	19,398	0.3%	4	1	\$31,981
Statewide	6,065,438	100.0%	1,100	169	\$10,000,000

Source: Department of Commerce, Department of Budget and Management