

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.

May 5 - 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 28, 2021:
 - 3,065 applications were started or submitted
 - 1,374 applications submitted
 - 1,373 application reviewed (waiting on client to provide password to documents)
 - 845 applications approved

County	Applications Reviewed	Applications Approved	Approved Amount	County Portion by Population	Status
Allegany	8	2	\$17,000	\$114,363	Undersubscribed
Anne Arundel	124	72	\$644,300	\$967,211	Undersubscribed
Baltimore City	126	66	\$583,800	\$948,957	Undersubscribed
Baltimore	119	70	\$620,551	\$1,362,461	Undersubscribed
Calvert	14	6	\$52,913	\$154,061	Undersubscribed
Caroline	6	3	\$24,000	\$55,406	Undersubscribed
Carroll	36	21	\$171,364	\$278,310	Undersubscribed
Cecil	6	3	\$27,000	\$170,271	Undersubscribed
Charles	24	16	\$143,000	\$275,032	Undersubscribed
Dorchester	4	2	\$18,000	\$52,539	Undersubscribed
Frederick	51	38	\$336,950	\$443,092	Undersubscribed
Garrett	4	3	\$27,000	\$47,443	Undersubscribed
Harford	41	26	\$225,500	\$426,282	Undersubscribed
Howard	80	62	\$553,395	\$547,080	Oversubscribed
Kent	5	2	\$18,000	\$31,981	Undersubscribed
Montgomery	367	238	\$2,107,359	\$1,739,545	Oversubscribed
Prince George's	186	112	\$992,700	\$1,498,231	Undersubscribed
Queen Anne's	21	9	\$79,500	\$83,831	Undersubscribed
Somerset	1	1	\$9,000	\$42,266	Undersubscribed
St. Mary's	13	11	\$99,000	\$189,747	Undersubscribed
Talbot	9	6	\$51,000	\$61,653	Undersubscribed
Washington	58	34	\$303,400	\$250,328	Oversubscribed
Wicomico	59	33	\$283,508	\$172,682	Oversubscribed
Worcester	11	9	\$79,500	\$87,229	Undersubscribed
Statewide	1,373	845	\$7,467,740	\$10,000,000	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 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 started the review process of applications on April 14, 2021.
 - As of April 27, 2021, Commerce had completed the review of all submitted applications.
- 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 will begin outreach to undersubscribed counties and constituents this week and reopen the application on April 30, 2021 - May 15, 2021, to attempt to fully encumber the funds in undersubscribed counties.
- Commerce will begin sending grant agreements no later than April 30, 2021.
- Commerce will begin reviewing grant agreements and processing disbursements no later than May 4, 2021.

May 5 - 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 and use tax license and check to see if they have remitted sales tax collections to the State.

May 5 - Distribution of Funds:

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

Source: Department of Commerce, Department of Budget and Management