

SENATE BILL 496

Q3, C8, K2

EMERGENCY BILL

11r0133
CF HB 612

By: **The President (By Request – Administration)**

Introduced and read first time: January 20, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and**
3 **Families (RELIEF) Act**

4 FOR the purpose of authorizing the Maryland Small Business Development Financing
5 Authority to convert up to a certain amount of certain financing provided to certain
6 businesses to grants under certain circumstances; allowing, beginning with a certain
7 taxable year, a subtraction under the Maryland income tax for certain
8 unemployment insurance benefits paid to an individual; allowing, for certain taxable
9 years, a subtraction under the Maryland income tax for certain coronavirus relief
10 payments received by a certain person during the taxable year; requiring the
11 Comptroller to publish certain guidance regarding the subtraction; requiring certain
12 governmental entities, on certain request, to provide certain information to the
13 Comptroller; allowing a subtraction modification under the Maryland income tax for
14 certain State economic impact payments; altering the definition of “rating year” for
15 purposes of excluding certain fiscal years from the calculation of the earned rates of
16 contribution for certain employing units under unemployment insurance law;
17 authorizing certain vendors, under certain circumstances, to take a certain credit
18 against the sales and use tax; requiring the Comptroller to provide certain payments,
19 in a certain manner, to certain individuals eligible to claim the Maryland earned
20 income tax credit for certain taxable years; requiring the Comptroller to report to the
21 Governor and the General Assembly on certain matters on or before certain dates;
22 defining certain terms; providing for the termination of certain provisions of this Act;
23 making this Act an emergency measure; and generally relating to economic
24 development and tax relief.

25 BY repealing and reenacting, without amendments,
26 Article – Economic Development
27 Section 5–501(a) and (b) and 5–549(a), (f), and (h)
28 Annotated Code of Maryland
29 (2018 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Economic Development
3 Section 5–559
4 Annotated Code of Maryland
5 (2018 Replacement Volume and 2020 Supplement)

6 BY repealing and reenacting, without amendments,
7 Article – Labor and Employment
8 Section 8–606(a) and 8–610(a)
9 Annotated Code of Maryland
10 (2016 Replacement Volume and 2020 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Labor and Employment
13 Section 8–606(e)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2020 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – Tax – General
18 Section 10–207(a), 10–307(a), and 11–105
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2020 Supplement)

21 BY adding to
22 Article – Tax – General
23 Section 10–207(jj) through (ll) and 10–307(g)(6)
24 Annotated Code of Maryland
25 (2016 Replacement Volume and 2020 Supplement)

26 BY repealing and reenacting, with amendments,
27 Article – Tax – General
28 Section 10–307(g)(4) and (5)
29 Annotated Code of Maryland
30 (2016 Replacement Volume and 2020 Supplement)

31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
32 That the Laws of Maryland read as follows:

33 **Article – Economic Development**

34 5–501.

35 (a) In this subtitle the following words have the meanings indicated.

36 (b) “Authority” means the Maryland Small Business Development Financing
37 Authority.

1 5-549.

2 (a) In this part the following words have the meanings indicated.

3 (f) "Program" means the Equity Participation Investment Program.

4 (h) "Small business" means a business that is classified as a small business under
5 the U.S. Small Business Administration size standards.

6 **5-559.**

7 **(A) THIS SECTION APPLIES TO FINANCING PROVIDED UNDER THE**
8 **PROGRAM DURING FISCAL YEARS 2021 AND 2022 FOR THE PURPOSE OF RELIEVING**
9 **THE ADVERSE EFFECTS OF THE CORONAVIRUS PANDEMIC.**

10 **(B) THE AUTHORITY MAY CONVERT TO A GRANT UP TO \$50,000 OF THE**
11 **FINANCING DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION THAT IS**
12 **PROVIDED TO A SMALL BUSINESS.**

13 **Article – Tax – General**

14 10-207.

15 (a) To the extent included in federal adjusted gross income, the amounts under
16 this section are subtracted from the federal adjusted gross income of a resident to determine
17 Maryland adjusted gross income.

18 **(JJ) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, THE**
19 **SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF**
20 **BENEFITS PAID TO AN INDIVIDUAL IN ACCORDANCE WITH TITLE 8 OF THE LABOR**
21 **AND EMPLOYMENT ARTICLE.**

22 **(KK) (1) IN THIS SUBSECTION, "CORONAVIRUS RELIEF PAYMENT" MEANS**
23 **A FEDERAL, STATE, OR LOCAL GOVERNMENT GRANT OR LOAN:**

24 **(I) FOR WHICH A PERSON APPLIED ON OR AFTER MARCH 5,**
25 **2020; AND**

26 **(II) THAT WAS PROVIDED TO THE PERSON FOR THE PURPOSE OF**
27 **ASSISTING WITH THE ECONOMIC HARDSHIPS RESULTING FROM THE CORONAVIRUS**
28 **PANDEMIC.**

29 **(2) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019,**
30 **BUT BEFORE JANUARY 1, 2022, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS**

1 SECTION INCLUDES THE AMOUNT OF A CORONAVIRUS RELIEF PAYMENT, INCLUDING
2 A LOAN THAT HAS BEEN FORGIVEN, RECEIVED BY THE PERSON DURING THE
3 TAXABLE YEAR.

4 (3) (I) THE COMPTROLLER SHALL PUBLISH GUIDANCE TO
5 TAXPAYERS REGARDING ELIGIBILITY FOR THE SUBTRACTION ALLOWED UNDER THIS
6 SUBSECTION, INCLUDING A LIST OF GRANTS AND LOANS THAT ARE ELIGIBLE FOR
7 THE SUBTRACTION.

8 (II) ON REQUEST BY THE COMPTROLLER, A UNIT OF STATE
9 GOVERNMENT OR A LOCAL GOVERNMENT SHALL PROVIDE TO THE COMPTROLLER
10 THE NAME OF THE CORONAVIRUS RELIEF PAYMENT PROGRAMS ADMINISTERED BY
11 THE UNIT OR LOCAL GOVERNMENT AND ANY OTHER REQUESTED INFORMATION
12 REGARDING THOSE CORONAVIRUS RELIEF PAYMENTS.

13 (LL) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2020, BUT
14 BEFORE JANUARY 1, 2022, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS
15 SECTION INCLUDES THE AMOUNT OF ANY STATE ECONOMIC IMPACT PAYMENT
16 RECEIVED BY AN INDIVIDUAL IN ACCORDANCE WITH CHAPTER ___ OR ___ (S.B.
17 ___ OR H.B. ___)(1LR0133 OR 1LR0134) OF THE ACTS OF THE GENERAL
18 ASSEMBLY OF 2021.

19 10-307.

20 (a) To the extent included in federal taxable income, the amounts under this
21 section are subtracted from the federal taxable income of a corporation to determine
22 Maryland modified income.

23 (g) The subtraction under subsection (a) of this section includes the amounts
24 allowed to be subtracted for an individual under:

25 (4) § 10-207(c-1) of this title (State tax-exempt interest from mutual
26 funds); [or]

27 (5) § 10-207(hh) of this title (Gain on the transfer of property within the
28 Laurel Park site or Pimlico site or Bowie Race Course Training Center property and income
29 realized as result of governmental expenditures); OR

30 (6) § 10-207(KK) OF THIS TITLE (CORONAVIRUS RELIEF PAYMENTS).

31 11-105.

32 (a) (1) Except as provided in subsections (b) and (c) of this section, a vendor
33 who timely files a sales and use tax return is allowed, for the expense of collecting and
34 paying the tax, a credit equal to 0.9% of the gross amount of sales and use tax that the

1 vendor is to pay to the Comptroller.

2 (2) The credit allowed under this section does not apply to any sales and
3 use tax that a vendor is required to pay to the Comptroller for any purchase or use that the
4 vendor makes that is subject to the tax.

5 (b) (1) Subject to paragraph (2) of this subsection, the credit allowed under this
6 section is 1.2% of the first \$6,000 of the gross amount of sales and use tax that the vendor
7 is to pay with each return.

8 (2) For a vendor who files or is eligible to file a consolidated return under
9 § 11–502 of this title, the credit allowed under paragraph (1) of this subsection is 1.2% of
10 the first \$6,000 of the gross amount of sales and use tax that the vendor is or would be
11 required to pay with the consolidated return.

12 (c) (1) The credit allowed under subsection (a) of this section may not exceed
13 \$500 for each return.

14 (2) For a vendor who files or is eligible to file a consolidated return under
15 § 11–502 of this title, the total maximum credit that the vendor is allowed under this section
16 for all returns filed for any period is \$500.

17 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
18 as follows:

19 **Article – Labor and Employment**

20 8–606.

21 (a) In this Part II of this subtitle the following words have the meanings
22 indicated.

23 (e) (1) **["Rating] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
24 **SUBSECTION, "RATING year" means the 12–month period beginning July 1 and ending**
25 **June 30 immediately preceding the computation date.**

26 (2) **"RATING YEAR" DOES NOT INCLUDE:**

27 (I) **THE 12–MONTH PERIOD BEGINNING JULY 1, 2019, AND**
28 **ENDING JUNE 30, 2020; AND**

29 (II) **THE 12–MONTH PERIOD BEGINNING JULY 1, 2020, AND**
30 **ENDING JUNE 30, 2021.**

31 8–610.

1 (a) (1) An employing unit that meets the qualifications of this subsection shall
2 be assigned an earned rate of contribution that is based on the experience of the employing
3 unit.

4 (2) An employing unit qualifies under this subsection if, during each of the
5 3 rating years immediately preceding the computation date the employing unit:

6 (i) had an earned rating record that was chargeable with benefits;
7 and

8 (ii) reports taxable wages as required by § 8–626 of this subtitle for
9 the 3 rating years immediately preceding the computation date.

10 (3) An employing unit that does not qualify under paragraph (2) of this
11 subsection qualifies if:

12 (i) throughout the rating year immediately preceding the
13 computation date, the employing unit had an earned rating record that was chargeable
14 with benefits; and

15 (ii) during each of the 2 rating years immediately preceding the
16 computation date, the employing unit reports taxable wages as required by § 8–626 of this
17 subtitle for the 2 rating years immediately preceding the computation date.

18 SECTION 3. AND BE IT FURTHER ENACTED, That:

19 (a) This section does not apply to a sale by a marketplace seller, as defined under
20 § 11–101 of the Tax – General Article.

21 (b) (1) Subject to subsection (d) of this section, a vendor is allowed a credit
22 against the gross amount of sales and use tax for any of the 4 consecutive months
23 immediately following the month in which this Act takes effect if, for that month:

24 (i) the vendor timely files a sales and use tax return or consolidated
25 return; and

26 (ii) the gross amount of sales and use tax that the vendor is required
27 to pay with the return does not exceed \$6,000.

28 (2) The credit allowed under paragraph (1) of this subsection is equal to the
29 lesser of:

30 (i) the amount of sales and use tax collected during the month for
31 which the vendor qualifies for the credit under paragraph (1) of this subsection; or

32 (ii) \$3,000.

1 (c) A vendor may take the credit provided in paragraph (1) of this subsection by
2 reducing the gross amount of sales and use tax that the vendor is required to pay to the
3 Comptroller in accordance with Title 11 of the Tax – General Article by the amount of the
4 credit.

5 (d) A vendor may not take the credit allowed under § 11–105 of the Tax – General
6 Article for the same period for which the vendor applies the credit allowed under this
7 section against a return.

8 SECTION 4. AND BE IT FURTHER ENACTED, That, as soon as practicable after
9 the effective date of this Act, the Comptroller shall send by first-class mail to or direct
10 deposit in the financial institution accounts of each taxpayer who received a State earned
11 income tax credit in accordance with § 10–704 of the Tax – General Article, the following
12 amounts as State economic impact payments:

13 (1) with respect to a taxpayer who received a State earned income tax
14 credit for the taxable year beginning after December 31, 2018, but before January 1, 2020:

15 (i) \$300 for an individual other than an individual described under
16 items (ii) or (iii) of this item;

17 (ii) \$250 for an individual filing as married filing separately; or

18 (iii) \$500 for spouses filing a joint return or for a surviving spouse or
19 head of household as defined in § 2 of the Internal Revenue Code; and

20 (2) with respect to a taxpayer who received a State earned income tax
21 credit for the taxable year beginning after December 31, 2019, but before January 1, 2021:

22 (i) \$150 for an individual other than an individual described under
23 items (ii) or (iii) of this item;

24 (ii) \$125 for an individual filing as married filing separately; or

25 (iii) \$250 for spouses filing a joint return or for a surviving spouse or
26 head of household as defined in § 2 of the Internal Revenue Code.

27 SECTION 5. AND BE IT FURTHER ENACTED, That:

28 (a) Subject to subsection (c) of this section, on the first day of each month following
29 the effective date of this Act, the Comptroller shall report to the Governor and, in
30 accordance with § 2–1257 of the State Government Article, the General Assembly on the
31 status of the delivery of State economic impact payments required under Section 4 of this
32 Act and any obstacles that are preventing or slowing the payments.

33 (b) On or before December 31, 2021, and December 31, 2022, the Comptroller
34 shall report to the Governor and, in accordance with § 2–1257 of the State Government

1 Article, the General Assembly the amount of money paid in State economic impact
2 payments and the number of taxpayers who received a payment under Section 4 of this Act
3 for calendar years 2021 and 2022.

4 (c) Following the submission by the Comptroller of the report due on or before
5 December 31, 2022, under subsection (b) of this section, the Comptroller is not required to
6 provide the monthly reports required under subsection (a) of this section.

7 SECTION 6. AND BE IT FURTHER ENACTED, That, at the end of June 30, 2025,
8 Section 2 of this Act, with no further action required by the General Assembly, shall be
9 abrogated and of no further force and effect.

10 SECTION 7. AND BE IT FURTHER ENACTED, That this Act is an emergency
11 measure, is necessary for the immediate preservation of the public health or safety, has
12 been passed by a ye and nay vote supported by three-fifths of all the members elected to
13 each of the two Houses of the General Assembly, and shall take effect from the date it is
14 enacted.