

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 753
Finance

(Senator Hayes)

Department of Commerce – COVID-19 Business Relief Distribution – Reporting

This emergency bill requires the Department of Commerce, within 30 days of enactment of the bill, to submit a report to the Senate Budget and Taxation Committee and House Appropriations Committee detailing specified information for each recipient of COVID-19 business relief in the State. Business relief includes small business relief, federal funds, grants, loans, and other financial assistance intended to address the economic impact of COVID-19. The report must include demographic information, including race, age, gender, and socioeconomic status, and the recipient's geographic location.

Fiscal Summary

State Effect: General fund expenditures increase significantly in FY 2021 for contractual assistance for Commerce and other State agencies to gather and compile the information into the required report. Commerce estimates a minimum of \$238,000 – *just for its programs* – based on the short timeline and likely need to collect the required information in person. Revenues are not affected.

Local Effect: Local government expenditures increase, potentially significantly, to provide the required information to Commerce, as local governments were also distributors of COVID-19 business assistance. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Current Law: None.

State Expenditures: Many federal, State, and local programs were created or modified to provide COVID-19 business relief in the State. Some recipient information on some COVID-19 business assistance programs is available in the operating budget analyses for [Commerce](#) and the Department of Housing and Community Development ([DHCD](#)), which can be found on the Department of Legislative Services website.

The estimated costs to meet the requirements of the bill cannot be calculated based on number and variety of programs and recipients combined with the bill's short reporting deadline. However, general fund expenditures increase *significantly* in fiscal 2021 for contractual assistance required for Commerce to gather and compile the information into the required report. Other agencies, such as DHCD, are also similarly affected as they would likely need to provide the information to Commerce. Even assuming that contractual assistance is made available to Commerce and other State agencies, it is unlikely that Commerce can collect the required information and complete the report within 30 days. Additional considerations for the potential fiscal effect are below.

While Commerce has already collected most of the information required by the bill *for its programs* using surveys – enough that its survey data is statistically significant – it has not collected information from *every* recipient. Based on the 7,000 recipients that Commerce would need to contact (out of 13,000 total), likely in person, and the costs associated with such activities experienced by the U.S. Census, Commerce estimates approximately \$238,000 would be required over 15 days. This leaves the remaining 15 days to compile the data and complete the report. However, these are just a small portion of the recipients of COVID-19 assistance in the State.

It is not clear how Commerce could collect demographic information for federal programs like the Paycheck Protection Program (PPP). PPP provided approximately \$10 billion to 86,000 Maryland recipients in 2020 – many of which were small businesses. Most demographic information was either not collected or not made publicly available in the data released for that program.

Small Business Effect: Small businesses will be asked by Commerce and/or other State agencies to provide demographic and geographic data. The overall effect is likely minimal on any particular small business.

Additional Comments: Commerce advises that the department treats the reporting of demographic information as voluntary, as there is no current law enabling a State agency to condition State financial assistance on an applicant providing demographic information.

So, while the department attempts to collect demographic information, an application for assistance is still considered complete if an applicant declines to respond.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of Commerce; Department of Legislative Services

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