



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: March 16, 2021
BILL NO: Senate Bill 753
BILL TITLE: Department of Commerce – COVID-19 Business Relief Distribution - Reporting
COMMITTEE: Senate Finance

Statement of Information

Bill Summary

Senate Bill 753 would require the Department of Commerce (Commerce) to submit a report to both the House Appropriations Committee and the Senate Budget and Taxation Committee on COVID-19 business relief recipients that contains both demographic and geographic information on all recipients. Demographic information that would need to be collected would include: Race, Age, Gender and Socioeconomic Status.

Commerce would be required to report on businesses that received “small business relief, federal funds, grants, loans, and other financial assistance intended to address the economic impact of COVID–19.” This report would be required to be submitted “within 30 days after the enactment of this Act.”

Current Reporting on Emergency Relief Funds

Between March and December 2020, the Department of Commerce approved and disbursed \$216 million in COVID-19 Emergency Business Assistance in the form of grants and loans. This totaled 15,900 transactions. Since August, Commerce has made public a list that includes the business name, location (jurisdiction) and amount of the grant or loan¹. Additionally, on several occasions the Department has provided demographic and veteran status of recipients in the aggregate. We will begin adding this information to the Commerce website along with the list of recipients.

Our application forms asked applicants to provide information such as business description, location and industry sector as well as personal identifiable information such as race and gender of the business owners.

Approval of an application for funding was not contingent on whether an applicant provided this information. Many applicants chose to leave the questions blank or check multiple identifying categories making the collection and reporting of accurate data challenging. To ensure that Commerce collected as much demographic data as it could, the Department also sent out a

¹ <https://commerce.maryland.gov/fund/maryland-small-business-covid-19-emergency-relief-fund-programs>

demographic survey to all COVID-19 Grant and Loan aid recipients. Approximately 6,000 recipients responded to the survey out of approximately 14,000 total aid recipients. All recipients were asked to report their race, ethnicity, veteran status, and gender. Questions on age and socioeconomic status were not asked. Data from the survey was combined with data collected through the application process to ensure that data from the maximum number of recipients was analyzed. Note that this data was collected under a promise of confidentiality, and that only summary data was expected to be released.

As all applicants were required to report their business location, the Department has reasonably accurate geographic data for all aid recipients, whether or not they answered any demographic questions.

Concerns with Bill

Study Scope: As this bill is written, the scope of the study is unclear. The bill does not ask Commerce to report only on COVID-19 business relief that was disbursed through its own channels but on other relief programs administered either by the Federal government or other State agencies for which Commerce does not have data.

Practical Data Collection Issues: Commerce has already surveyed almost all recipients of relief funding that it has directly provided relief to. It is theoretically possible that Commerce could survey recipients of the various programs that have not yet been surveyed. However, this could not be done within 30 days. In addition, as this data must be voluntarily provided, many survey recipients would choose not to respond, just as with our last demographic survey. And for some recipients (e.g. Maryland COVID-19 Emergency Relief Manufacturing Fund and the Maryland COVID-19 Emergency Relief Grant Fund for 501(C)(6) Nonprofits) they are structured as corporate entities that do not have a demographic or racial identify.

Recommended Amendments

Commerce has and will continue to report on all of its business assistance programs, be they emergency relief or standard business assistance. Our data and information on the COVID-19 Emergency Business Assistance is publicly available and will continue to be made publicly available.

The scope of Senate Bill 753 exceeds our reporting capabilities and the data we currently have. We have offered amendments to reflect our what we can reasonably do. We have met with the sponsor, shared with him our current reports, our current demographic data and the proposed amendments.

We respectfully request the Committee consider these amendments in its deliberations of this bill so that Commerce can provide a report this informative and within our capabilities.