



House Bill 1014

Small Business COVID-19 Relief Act of 2021

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Ways and Means Committee

Date: February 25, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1014's strong commitment to delivering meaningful relief to small businesses hardest hit by the COVID-19 pandemic **WITH AMENDMENTS** to guard against the carryover fiscal effects of this bill, which would undermine county revenues and support for schools, public health, public safety, and other essential community services – including those most critical during this crisis itself.

HB 1014 establishes several grant and loan programs for small businesses suffering financially amidst the pandemic. Strengthening Maryland's small businesses is critical for a strong post-COVID recovery, and MACo appreciates the bill's flexibility in allowing counties to apply for and distribute funds to local businesses. County concerns are merely cost-driven, as the bill grants a costly subtraction modification that would deplete county revenues – without any local action or input.

The swift and unprecedented shock of the COVID-19 public health crisis has also wreaked havoc on the economy. County governments are not only the front lines for public health and safety during these challenging times, they also face revenue shortfalls from the drop in central funding sources. As the focus shifts to restoring our state and local economies in a manner that is safe, equitable, and prosperous for all, counties are eager and committed partners in promoting economic growth and creating opportunity – we prefer local autonomy in determining the best way locally.

Property taxes show the best collaborative way to enact targeted tax relief. The State and its local governments already work together here – where the State routinely grants a state-level tax credit, but then enables county governments to enact their own as a local option.

State proposals that involve local revenue sources can be enacted as “local option” offerings, to allow counties maximum flexibility to achieve local goals. MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy.

MACo and county governments hope the Committee finds these comments helpful. Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input. Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on HB 1014.