



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce
Benjamin H. Wu | Deputy Secretary of Commerce

February 15, 2019

The Honorable Thomas V. Mike Miller, Jr.
President, Maryland Senate
State House, H-107
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House, H-101
Annapolis, Maryland 21401-1991

RE: Small Business Relief Tax Credit – Annual Report

Dear President Miller and Speaker Busch:

Pursuant to Economic Development Article §10-746, I am pleased to submit the Department of Commerce's Small Business Relief Tax Credit Annual Report.

I look forward to your review of this report and will be available to furnish any additional information that is needed. If my staff or I can be of further assistance, or if you have any questions regarding this report, please contact me at 410-767-6301.

Sincerely,

A handwritten signature in blue ink that reads "Kelly M. Schulz".

Kelly M. Schulz
Secretary

cc: Sarah Albert, DLS

Enclosure

DIVISION OF FINANCE
SMALL BUSINESS RELIEF TAX CREDIT
PROGRAM

ANNUAL STATUS REPORT
TAX YEAR 2018
TAX-GENERAL ARTICLE

SECTION 10-746

Submitted by:

Maryland Department of Commerce

February 2019

BASIC FACTS ABOUT THE SMALL BUSINESS RELIEF TAX CREDIT

Chapter 1, Acts of 2017, The Maryland Healthy Working Families Act, became effective February 1, 2018 and requires an employer with 15 or more employees to provide paid sick and safe leave to certain employees, and an employer with 14 or fewer employees to provide a sick and safe leave policy that provides certain employees with ***unpaid*** sick and safe. To assist small businesses with providing sick and safe leave as specified in the bill, the General Assembly passed and the Governor signed into law Chapter 571, Acts of 2018, to provide a refundable credit against the state income tax for small businesses who have 14 or fewer employees who provide **paid sick and safe leave** to certain employees.

The Maryland Department of Commerce began accepting applications for the tax credit tax on January 3, 2019. The Department of Commerce is responsible for administering the certification process. After receiving certification, businesses may file their state return and receive a refund if the credit exceeds their State income tax. The Small Business Relief Tax Credit offers qualified businesses a state income tax credit of up to \$500 per employee and \$7,000 per small business for every year in which they qualify. Businesses may apply every year for each employee making less than 250 percent of the annual federal poverty guidelines for a single person household.

ACTIVITY FOR TY2018

The Department of Commerce will issue certificates within 45 days to small businesses who qualify for the small business relief tax credit. To date, Commerce has received two applications for calendar year 2018, and has responded to a multitude of questions about the program and the reporting requirements. Since the program became effective, Commerce has designed a paper application, created a webpage with frequently asked questions, developed an online submission portal, designed and distributed marketing materials, and has contacted the Maryland Association of CPA's and the Maryland Chamber of Commerce to market the program.