

# RELIEF ACT OF 2021

RECOVERY FOR THE ECONOMY, LIVELIHOODS, INDUSTRY, ENTREPRENEURS, AND FAMILIES

## RELIEF FOR MARYLANDERS

### DIRECT STIMULUS PAYMENTS FOR LOW TO MODERATE-INCOME MARYLANDERS

This relief begins with immediate payments of \$500 for families and \$300 for individuals who filed for the Earned Income Tax Credit. Similar to federal stimulus payments, no application for relief is necessary.

Marylanders would qualify for these payments who annually earn:

- \$50,954 (\$56,844 married filing jointly) with three or more qualifying children
- \$47,440 (\$53,330 married filing jointly) with two qualifying children
- \$41,756 (\$47,646 married filing jointly) with one qualifying child
- \$15,820 (\$21,710 married filing jointly) with no qualifying children

The payments provide **\$178 million in relief to 400,000 Marylanders.** In addition, the legislation increases the refundable Earned Income Tax Credit to 45% for families and 100% for individuals.

The RELIEF Act also enhances the Earned Income Tax Credit for these same 400,000 Marylanders by an estimated \$478 million over the next three tax years.

### MORE SUPPORT FOR UNEMPLOYED MARYLANDERS

The RELIEF Act will repeal all state and local income taxes on unemployment benefits for tax years 2020 and 2021, helping people get more refunds during tax filing season. Marylanders will save more than \$400 million over the next two years as a result.

## RELIEF FOR SMALL BUSINESSES

### IMMEDIATE SALES TAX CREDITS FOR SMALL BUSINESSES

The RELIEF Act makes a nearly \$200 million commitment to supporting small businesses with sales tax credits of up to \$3,000 per month for three months—for a total of up to \$9,000. This relief will directly help more than 55,000 Maryland small businesses.

This relief is automatic and based on a sliding scale up to \$3,000. For example, if you are a business with \$100,000 in monthly revenue and you collect \$6,000 in sales taxes, you only remit \$3,000. If you have \$50,000 in monthly revenue and you collect \$3,000 in sales taxes, you keep all \$3,000.

### UNEMPLOYMENT TAX RELIEF FOR SMALL BUSINESSES

On [December 10](#), Governor Hogan [issued an executive order](#) to prevent small businesses from facing major increases in their unemployment taxes. Under this order, an employer's 2021 tax rate will be calculated based on their non-pandemic experience by excluding the 2020 fiscal year, and instead by using the last three fiscal years of 2017, 2018, and 2019. A change in law is necessary to enable this policy to remain in place beyond the state of emergency. Combined, the executive order and the RELIEF Act provide \$326 million in relief.

In addition, it would allow small businesses and nonprofits with fewer than 50 employees to defer unemployment insurance tax payments in calendar year 2021 to January 2022.

### COVID-19 LOAN AND GRANT FORGIVENESS, ADDITIONAL RELIEF FUNDS

The RELIEF Act's loan and grant forgiveness plan would safeguard Maryland business owners against any tax increase triggered by the use of state loan or grant funds. This relief would come at a net zero cost to the state while saving businesses an estimated \$36 million.

The RELIEF Act also includes an additional \$500 million in new funding for programs and grants for businesses and nonprofits, housing, health, unemployment insurance, energy assistance, education, and human services.