

Economic Relief for Small Businesses

By Crystal Brumme Pickett

As we compose this month's letter, it has been exactly one year since Maryland shut down due to the COVID-19 pandemic. As we enter year two of the pandemic, new relief funding has been signed into law at both the federal and state levels. While owners of equine-related businesses often feel like they would not be eligible for these programs, it would behoove many of you to investigate further. Do you fit the criteria of a small business? (Hint: you probably do.) Do you fit the criteria for a woman owned-business? (Hint: the vast majority of equine-related businesses in Maryland are.) If your business also qualifies as minority-owned, then you just hit the trifecta.

Check with your trusted financial advisors, such as your banker and your accountant. Numerous local banks will walk their clients through the application process. Your business may very well fit into one of the categories discussed below. So what's new?

Federal

On March 11, 2021, President Biden signed into law the American Rescue Plan Act, a \$1.9 trillion coronavirus relief bill that allocates new funds and tax credits to help struggling small businesses. While much of the focus has been on what this Act will do for restaurants and entertainment venues, there are opportunities for other small businesses as well. While not a lot of details are available as to deliverables useful for our industry, our friends at the U.S. Chamber of Commerce did provide this useful information:

- **Employee Retention Tax Credit (ERTC) extended through the end of 2021:** In the December 2020 coronavirus relief bill, Congress expanded the Employee Retention Tax Credit (ERTC) to help struggling small businesses for the first two quarters of 2021. The American Rescue Act will further help those same businesses by offering the ERTC for the third and fourth quarters of 2021.
- **PPP application deadlines could extend beyond March:** While this Small Business Update primarily concerned the American Rescue Plan, Bradley also mentioned discussions in Congress to extend the PPP application deadline from March to June, which would help more businesses use the program.

Maryland

On February 15, 2021, the bi-partisan Maryland's "Relief Act of 2021" ("Recovery for the Economy, Livelihoods, Industry, Entrepreneurs and Families") was signed into law by Governor Larry Hogan and includes more than \$1 billion in tax relief and economic stimulus for struggling families and small businesses who are suffering as a result of the CO-

VID-19 pandemic. Below are highlights of this relief package. For more information, see equiery.com.

- **Retail Businesses—Sales Tax Credit & More:** Attention tack and feed stores! 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.
- **Employers—Relief on Unemployment Taxes:** On December 10, 2020 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. In addition, it would allow small businesses and nonprofits with fewer than 50 employees (that would be most of us in the horse industry) to defer unemployment insurance tax payments in calendar year 2021 to January 2022.
- **Safeguards Against Tax Increases; COVID Loan & Grant Forgiveness:** 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. The Maryland Department of Commerce anticipated being able to accept applications for new Relief Act funding in late March.

The following programs, launched in 2020, are still available (as of press time) with more information on equiery.com:

- Maryland Economic Adjustment Fund (MEAF)
- US Small Business Administration's COVID-19 EIDL program
- Paycheck Protection Programs
- Maryland Nonprofit Recovery Initiative

Look Local

In addition, the state of Maryland and its local governments received billions from the various federal relief programs. Each county has set up a COVID-19 relief program in order to assist businesses negatively impacted by the pandemic, and thus the programs vary county-by-county.

Did you get a loan in 2020?

If you received a Maryland Small Business COVID-19 Emergency Relief Loan in 2020 in the first round of economic relief, that loan has been converted to a grant; to follow up, email covid-19.application@maryland.gov.

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