

HOUSE BILL 1210

Q3
HB 936/23 – W&M

4lr2925

By: **Delegates Rose, Arentz, Bouchat, Buckel, Chisholm, Fair, Griffith, Hartman, Hornberger, Kipke, McComas, Miller, T. Morgan, Otto, Qi, Rogers, and Tomlinson**

Introduced and read first time: February 8, 2024
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Cybersecurity Measures Undertaken by Small**
3 **Businesses**

4 FOR the purpose of authorizing a credit against the State income tax for a certain small
5 business for costs incurred by the small business during the taxable year for certain
6 cybersecurity measures undertaken by the small business; making the credit
7 refundable; and generally relating to a credit against the State income tax for
8 cybersecurity measures undertaken by small businesses.

9 BY adding to
10 Article – Tax – General
11 Section 10–758
12 Annotated Code of Maryland
13 (2022 Replacement Volume and 2023 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Tax – General**

17 **10–758.**

18 **(A) (1) IN THIS SECTION, “SMALL BUSINESS” MEANS A BUSINESS**
19 **CONDUCTED BY AN INDIVIDUAL, A PARTNERSHIP, A LIMITED PARTNERSHIP, A**
20 **LIMITED LIABILITY PARTNERSHIP, A LIMITED LIABILITY COMPANY, OR A**
21 **CORPORATION THAT EMPLOYS 50 OR FEWER EMPLOYEES.**

22 **(2) “SMALL BUSINESS” INCLUDES A BUSINESS THAT DOES NOT**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 EMPLOY ANY EMPLOYEES.

2 (B) A SMALL BUSINESS MAY CLAIM A CREDIT AGAINST THE STATE INCOME
3 TAX IN AN AMOUNT EQUAL TO THE ACTUAL COSTS INCURRED BY THE SMALL
4 BUSINESS DURING THE TAXABLE YEAR:

5 (1) TO CONDUCT AN INITIAL CYBERSECURITY RISK ASSESSMENT AND
6 IMPLEMENT RECOMMENDATIONS RESULTING FROM THE ASSESSMENT, NOT TO
7 EXCEED \$1,000; OR

8 (2) FOR RECURRING CYBERSECURITY MEASURES UNDERTAKEN BY
9 THE SMALL BUSINESS, INCLUDING CYBERSECURITY RISK ASSESSMENTS OTHER
10 THAN AN INITIAL ASSESSMENT UNDER ITEM (1) OF THIS SUBSECTION,
11 ANTIVIRUS SOFTWARE, MULTIFACTOR AUTHENTICATION, AND DATA ENCRYPTION,
12 NOT TO EXCEED \$500.

13 (C) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
14 EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE SMALL BUSINESS
15 MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

16 (D) TO CLAIM THE CREDIT ALLOWED UNDER THIS SECTION, THE SMALL
17 BUSINESS SHALL ATTACH TO THE SMALL BUSINESS'S INCOME TAX RETURN OR
18 OTHERWISE FILE WITH THE COMPTROLLER PROOF OF THE COSTS INCURRED BY THE
19 SMALL BUSINESS FOR WHICH THE SMALL BUSINESS MAY CLAIM THE CREDIT UNDER
20 THIS SECTION.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2024, and shall be applicable to all taxable years beginning after December 31, 2023.