

HOUSE BILL 950

Q3

5lr0911
CF SB 351

By: **Delegates Shoemaker, Cassilly, Chang, Hornberger, Metzgar, and Vogt**

Introduced and read first time: February 13, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Cybersecurity Investment Incentive Tax Credit – Eligible Investments**

3 FOR the purpose of altering the definition of investment for purposes of the cybersecurity
4 investment incentive tax credit to include convertible debt; defining a certain term;
5 providing for the application of this Act; and generally relating to the cybersecurity
6 investment incentive tax credit.

7 BY repealing and reenacting, without amendments,
8 Article – Tax – General
9 Section 10–733(a)(1)
10 Annotated Code of Maryland
11 (2010 Replacement Volume and 2014 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 10–733(a)(6)
15 Annotated Code of Maryland
16 (2010 Replacement Volume and 2014 Supplement)

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

19 **Article – Tax – General**

20 10–733.

21 (a) (1) In this section the following words have the meanings indicated.

22 (6) (i) “Investment” means the contribution of money in cash or cash
23 equivalents expressed in United States dollars, at a risk of loss, to a qualified Maryland
24 cybersecurity company in exchange for stock, a partnership or membership interest, or any

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 other ownership interest in the equity of the qualified Maryland cybersecurity company,
2 title to which ownership interest shall vest in the qualified investor.

3 **(II) "INVESTMENT" INCLUDES CONVERTIBLE DEBT.**

4 **[(ii) "Investment"] (III) EXCEPT AS PROVIDED IN**
5 **SUBPARAGRAPH (II) OF THIS PARAGRAPH, "INVESTMENT" does not include debt.**

6 **[(iii)] (IV)** For purposes of this section, an investment is at risk of loss
7 when repayment entirely depends on the success of the business operations of the qualified
8 company.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
10 1, 2015, and shall apply to investments made in qualified Maryland cybersecurity
11 companies after June 30, 2015.