

SENATE BILL 351

Q3

5lr2646
CF 5lr0911

By: **Senators Ready, Cassilly, Feldman, Hough, Lee, Serafini, Simonaire, and Waugh**

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 cybersecurity company in exchange for stock, a partnership or membership interest, or any
2 other ownership interest in the equity of the qualified Maryland cybersecurity company,
3 title to which ownership interest shall vest in the qualified investor.

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

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

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

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