

# SENATE BILL 726

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By: **Senator Guzzone**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Purchase of Cybersecurity Technology or Service**

3 FOR the purpose of altering a certain definition under the State income tax credit for the  
4 purchase of cybersecurity technology or service to allow purchases by certain buyers  
5 to qualify for the credit; providing for the application of this Act; and generally  
6 relating to a State income tax credit for the purchase of cybersecurity technology and  
7 services.

8 BY repealing and reenacting, with amendments,

9 Article – Tax – General

10 Section 10–733.1(a)

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2018 Supplement)

13 BY repealing and reenacting, without amendments,

14 Article – Tax – General

15 Section 10–733.1(b)

16 Annotated Code of Maryland

17 (2016 Replacement Volume and 2018 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Tax – General**

21 10–733.1.

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

23 (2) “Cybersecurity business” means an entity organized for profit that is  
24 engaged primarily in the development of innovative and proprietary cybersecurity

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 technology or the provision of cybersecurity service.

2 (3) “Cybersecurity service” means an activity that is associated with a  
3 category or subcategory identified under the Framework Core established by the National  
4 Institute of Standards and Technology’s Cybersecurity Framework.

5 (4) “Cybersecurity technology” means products or goods intended to detect  
6 or prevent activity intended to result in unauthorized access to, exfiltration of,  
7 manipulation of, or impairment to the integrity, confidentiality, or availability of an  
8 information system or information stored on or transiting an information system.

9 (5) “Department” means the Department of Commerce.

10 (6) “Panel” means the panel that the Department may establish under  
11 subsection (c) of this section composed of experts in the areas of cybersecurity technology  
12 and cybersecurity service.

13 (7) “Qualified buyer” means any entity that [has fewer than 50 employees  
14 in the State and that] is required to file an income tax return in the State.

15 (8) “Qualified seller” means a cybersecurity business that:

16 (i) has its headquarters and base of operations in the State;

17 (ii) 1. has less than \$5,000,000 in annual revenue;

18 2. is a minority-owned, woman-owned, veteran-owned, or  
19 service-disabled-veteran-owned business; or

20 3. is located in a historically underutilized business zone  
21 designated by the United States Small Business Administration;

22 (iii) 1. owns or has properly licensed any proprietary  
23 cybersecurity technology; or

24 2. provides a cybersecurity service;

25 (iv) is in good standing;

26 (v) is current in the payment of all tax obligations to the State or any  
27 unit or subdivision of the State; and

28 (vi) is not in default under the terms of any contract with,  
29 indebtedness to, or grant from the State or any unit or subdivision of the State.

30 (b) (1) Subject to paragraphs (2) and (3) of this subsection, a qualified buyer  
31 may claim a credit against the State income tax in an amount equal to 50% of the cost

1 incurred during the taxable year to purchase cybersecurity technology or a cybersecurity  
2 service from one or more qualified sellers.

3 (2) For any taxable year, the credit allowed under this section may not  
4 exceed \$50,000 for each qualified buyer.

5 (3) For any taxable year, the aggregate credits claimed for cybersecurity  
6 technology or cybersecurity service purchased from a single qualified seller may not exceed  
7 \$200,000.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
9 1, 2019, and shall be applicable to all tax credit certificates issued after June 30, 2019.