

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 702 (Senator Beidle)  
Budget and Taxation

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**Income Tax - Biotechnology Investment Incentive Tax Credit Program - Pass-Through Entities**

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This bill allows a qualified investor that is a pass-through entity (PTE) that pays the State income tax on behalf of all PTE members to claim and allocate the Biotechnology Investment Incentive Tax Credit and any associated refund among PTE members in any manner. **The bill takes effect July 1, 2024, and applies to tax year 2024 and beyond.**

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**Fiscal Summary**

**State Effect:** The Comptroller’s Office can implement the bill’s changes with existing budgeted resources. Revenues are not materially affected.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** The Biotechnology Investment Incentive Tax Credit is a refundable income tax credit for investments in qualified biotechnology companies. An investor who invests at least \$25,000 in a qualified Maryland biotechnology company can claim a credit equal to 33% of the investment, not to exceed \$250,000. An enhanced credit of 50% of the investment, up to \$500,000, is available if a qualified biotechnology company is located in certain rural counties or a Regional Institution Strategic Enterprise Zone and meets other specified requirements. The Department of Commerce administers the tax credit, and the total amount awarded in each year is generally limited to the amount appropriated to the program’s reserve fund. Commerce may not issue any tax credit certificates after

June 30, 2028. The fiscal 2025 budget as introduced includes \$12.0 million in funding for the program.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 744 (Delegate Chang) - Ways and Means.

**Information Source(s):** Department of Commerce; Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2024  
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