

# HOUSE BILL 1321

Q3  
HB 1210/24 – W&M

5lr3065

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By: **Delegates Rose, Buckel, Hartman, Hornberger, Mangione, Miller, Reilly, Stonko, Tomlinson, Valentine, and Wivell**

Introduced and read first time: February 7, 2025

Assigned to: Ways and Means

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## 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 2024 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**  
23 **EMPLOY ANY EMPLOYEES.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

20           **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**  
21 **1, 2025, and shall be applicable to all taxable years beginning after December 31, 2024.**