

HOUSE BILL 1256

Q3, C8

6lr1317

By: **Delegates Nkongolo, Buckel, Hornberger, Hutchinson, Jacobs, Miller,
T. Morgan, Reilly, and Schmidt**

Introduced and read first time: February 12, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Angel Investor Tax Credit**

3 FOR the purpose of allowing a credit against the State income tax for a certain percentage
4 of an investment made in qualified Maryland companies; providing that investments
5 in companies engaging in certain economic sectors may qualify for the tax credit;
6 requiring the Maryland Economic Development Commission to evaluate economic
7 sectors and recommend additional qualifying sectors to the Department of
8 Commerce; requiring the Department to designate additional qualifying economic
9 sectors for the credit; requiring the Department to maintain an online portal
10 providing information about the credit and managing applications for the credit;
11 providing that a qualified investor shall make an investment in a qualified Maryland
12 company within a certain amount of time after the Department issues an initial tax
13 credit certificate; establishing the Angel Investor Tax Credit Reserve Fund;
14 requiring interest earnings of the Fund to be credited to the Fund; providing for the
15 recapture of a credit under certain circumstances; authorizing the Department to
16 revoke a certification if a representation made in connection with the application for
17 the certification is false; and generally relating to the Angel Investor Tax Credit.

18 BY repealing and reenacting, with amendments,
19 Article – Economic Development
20 Section 2.5–109(a)(4)(vii), 6–1001(e)(5), and 6–1007
21 Annotated Code of Maryland
22 (2024 Replacement Volume and 2025 Supplement)

23 BY repealing and reenacting, without amendments,
24 Article – Economic Development
25 Section 6–1001(a)
26 Annotated Code of Maryland
27 (2024 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – State Finance and Procurement
3 Section 6–226(a)(2)(ii)
4 Annotated Code of Maryland
5 (2021 Replacement Volume and 2025 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – State Finance and Procurement
8 Section 6–226(a)(2)(iii)79.
9 Annotated Code of Maryland
10 (2021 Replacement Volume and 2025 Supplement)

11 BY adding to
12 Article – Tax – General
13 Section 10–733
14 Annotated Code of Maryland
15 (2022 Replacement Volume and 2025 Supplement)

16 BY repealing and reenacting, with amendments,
17 Chapter 717 of the Acts of the General Assembly of 2024
18 Section 8 Item (54)

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

21 **Article – Economic Development**

22 2.5–109.

23 (a) In this section, “economic development program” means:

24 (4) each of the tax credit programs administered by the Department,
25 including:

26 (vii) the [Innovation Investment Incentive] **ANGEL INVESTOR Tax**
27 Credit;

28 6–1001.

29 (a) In this subtitle the following words have the meanings indicated.

30 (e) “Program” means the Opportunity Zone Enhancement Program in the
31 Department established under § 6–1002 of this subtitle that allows enhanced tax credits
32 under:

33 (5) § 10–733 of the Tax – General Article [(cybersecurity investment
34 incentive)] (**ANGEL INVESTOR TAX CREDIT**); and

1 6-1007.

2 (a) In this section, “investment”, “qualified investor”, and “qualified Maryland
3 [technology] company” have the meanings stated in § 10-733 of the Tax – General Article.

4 (b) For a qualified opportunity fund that is a qualified investor in a qualified
5 Maryland [technology] company under § 10-733 of the Tax – General Article, if the
6 qualified Maryland [technology] company[, on or after March 1, 2018,] is newly established
7 in or expands into an opportunity zone in a county other than Allegany County, Dorchester
8 County, Garrett County, or Somerset County:

9 (1) the Level 1 opportunity zone enhancement is 33% of the investment in
10 a qualified Maryland [technology] company, not to exceed \$300,000; and

11 (2) the Level 2 opportunity zone enhancement is 50% of the investment in
12 the qualified Maryland [technology] company, not to exceed \$500,000.

13 (c) The enhanced tax credit percentages and maximums authorized under
14 subsection (b) of this section are in substitution for and not in addition to the percentages
15 and maximums under [§ 10-733(d)] **§ 10-733(F)** of the Tax – General Article.

16 Article – State Finance and Procurement

17 6-226.

18 (a) (2) (ii) Notwithstanding any other provision of law, and unless
19 inconsistent with a federal law, grant agreement, or other federal requirement or with the
20 terms of a gift or settlement agreement, net interest on all State money allocated by the
21 State Treasurer under this section to special funds or accounts, and otherwise entitled to
22 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
23 Fund of the State.

24 (iii) The provisions of subparagraph (ii) of this paragraph do not
25 apply to the following funds:

26 79. the [Innovation Investment] **ANGEL INVESTOR TAX**
27 **CREDIT RESERVE** Fund;

28 Article – Tax – General

29 **10-733.**

30 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
31 **INDICATED.**

1 (2) (I) “COMPANY” MEANS ANY ENTITY OF ANY FORM DULY
2 ORGANIZED AND EXISTING UNDER THE LAWS OF ANY JURISDICTION FOR THE
3 PURPOSE OF CONDUCTING BUSINESS FOR PROFIT.

4 (II) “COMPANY” INCLUDES AN ENTITY THAT BECOMES DULY
5 ORGANIZED AND EXISTING UNDER THE LAWS OF ANY JURISDICTION FOR THE
6 PURPOSE OF CONDUCTING BUSINESS FOR PROFIT WITHIN 4 MONTHS OF RECEIVING
7 A QUALIFIED INVESTMENT.

8 (III) “COMPANY” DOES NOT INCLUDE A SOLE PROPRIETORSHIP.

9 (3) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.

10 (4) (I) “INVESTMENT” MEANS THE CONTRIBUTION OF MONEY IN
11 CASH OR CASH EQUIVALENTS EXPRESSED IN UNITED STATES DOLLARS, AT A RISK
12 OF LOSS, TO A QUALIFIED MARYLAND COMPANY IN EXCHANGE FOR STOCK, A
13 PARTNERSHIP OR MEMBERSHIP INTEREST, OR ANY OTHER OWNERSHIP INTEREST
14 IN THE EQUITY OF THE QUALIFIED MARYLAND COMPANY, TITLE TO WHICH
15 OWNERSHIP INTEREST SHALL VEST IN THE QUALIFIED INVESTOR.

16 (II) “INVESTMENT” DOES NOT INCLUDE DEBT UNLESS IT IS
17 CONVERTIBLE DEBT.

18 (III) FOR PURPOSES OF THIS SECTION, AN INVESTMENT IS AT
19 RISK OF LOSS WHEN REPAYMENT ENTIRELY DEPENDS ON THE SUCCESS OF THE
20 BUSINESS OPERATIONS OF THE COMPANY.

21 (5) (I) “QUALIFIED INVESTOR” MEANS ANY INDIVIDUAL OR ENTITY
22 THAT INVESTS AT LEAST \$25,000 IN A QUALIFIED MARYLAND COMPANY AND THAT
23 IS REQUIRED TO FILE AN INCOME TAX RETURN IN ANY JURISDICTION.

24 (II) “QUALIFIED INVESTOR” DOES NOT INCLUDE:

25 1. A QUALIFIED PENSION PLAN, AN INDIVIDUAL
26 RETIREMENT ACCOUNT, OR ANY OTHER QUALIFIED RETIREMENT PLAN UNDER THE
27 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 OR FIDUCIARIES OR
28 CUSTODIANS UNDER SUCH PLANS, OR SIMILAR TAX-FAVORED PLANS OR ENTITIES
29 UNDER THE LAWS OF OTHER COUNTRIES; OR

30 2. A FOUNDER OR CURRENT EMPLOYEE OF THE
31 QUALIFIED MARYLAND COMPANY, IF THE COMPANY HAS BEEN IN ACTIVE BUSINESS
32 FOR MORE THAN 5 YEARS.

1 **(6) (I) “QUALIFIED MARYLAND COMPANY” MEANS A COMPANY**
2 **THAT HAS MET THE CRITERIA IN SUBSECTION (C) OF THIS SECTION.**

3 **(II) “QUALIFIED MARYLAND COMPANY” DOES NOT INCLUDE A**
4 **COMPANY THAT IS OR HAS BEEN CERTIFIED AS A QUALIFIED MARYLAND**
5 **BIOTECHNOLOGY COMPANY UNDER § 10-725 OF THIS SUBTITLE.**

6 **(7) “RESERVE FUND” MEANS THE ANGEL INVESTOR TAX CREDIT**
7 **RESERVE FUND ESTABLISHED UNDER THIS SECTION.**

8 **(8) “SECRETARY” MEANS THE SECRETARY OF COMMERCE.**

9 **(B) (1) THE ANGEL INVESTOR TAX CREDIT IS INTENDED TO FOSTER THE**
10 **GROWTH OF THE STATE’S INNOVATIVE SECTORS BY INCENTIVIZING INVESTMENT IN**
11 **EARLY-STAGE COMPANIES WITH THE GOAL OF INCREASING:**

12 **(I) THE NUMBER OF INNOVATIVE COMPANIES DEVELOPING IN**
13 **MARYLAND;**

14 **(II) THE OVERALL INVESTMENTS IN CURRENT AND EMERGING**
15 **ECONOMIC SECTORS; AND**

16 **(III) THE NUMBER OF INDIVIDUAL INVESTORS ACTIVELY**
17 **INVESTING IN MARYLAND COMPANIES.**

18 **(2) SUBJECT TO SUBSECTIONS (C), (E), AND (F) OF THIS SECTION, FOR**
19 **THE TAXABLE YEAR IN WHICH AN INVESTMENT IN A QUALIFIED MARYLAND**
20 **COMPANY IS MADE, A QUALIFIED INVESTOR MAY CLAIM A CREDIT AGAINST THE**
21 **STATE INCOME TAX IN AN AMOUNT EQUAL TO THE AMOUNT STATED IN THE FINAL**
22 **CREDIT CERTIFICATE APPROVED BY THE SECRETARY FOR THE INVESTMENT AS**
23 **PROVIDED UNDER THIS SECTION.**

24 **(C) (1) TO BE ELIGIBLE FOR THE TAX CREDIT DESCRIBED IN PARAGRAPH**
25 **(2) OF THIS SUBSECTION, THE QUALIFIED INVESTOR:**

26 **(I) MAY NOT, AFTER MAKING THE PROPOSED INVESTMENT,**
27 **OWN OR CONTROL MORE THAN 25% OF THE EQUITY INTERESTS IN THE QUALIFIED**
28 **MARYLAND COMPANY IN WHICH THE INVESTMENT IS MADE; AND**

29 **(II) AT LEAST 30 DAYS PRIOR TO MAKING AN INVESTMENT IN A**
30 **QUALIFIED MARYLAND COMPANY, SHALL SUBMIT AN APPLICATION TO THE**
31 **DEPARTMENT CONTAINING THE FOLLOWING:**

1 **1. EVIDENCE THAT THE INVESTOR IS:**

2 **A. IF A COMPANY, DULY ORGANIZED AND IN GOOD**
3 **STANDING IN THE JURISDICTION UNDER THE LAWS UNDER WHICH IT IS ORGANIZED;**

4 **B. CURRENT IN THE PAYMENT OF ALL TAX OBLIGATIONS**
5 **TO A STATE OR ANY UNIT OR SUBDIVISION OF A STATE; AND**

6 **C. NOT IN DEFAULT UNDER THE TERMS OF ANY**
7 **CONTRACT WITH, INDEBTEDNESS TO, OR GRANT FROM A STATE OR ANY UNIT OR**
8 **SUBDIVISION OF A STATE;**

9 **2. EVIDENCE THAT THE COMPANY HAS SATISFIED THE**
10 **FOLLOWING MINIMUM REQUIREMENTS TO BE CONSIDERED A QUALIFIED**
11 **MARYLAND COMPANY:**

12 **A. HAS ITS HEADQUARTERS AND BASE OF OPERATIONS**
13 **IN THE STATE;**

14 **B. HAS NOT PARTICIPATED IN THE TAX CREDIT**
15 **PROGRAM UNDER THIS SECTION FOR MORE THAN 3 PRIOR FISCAL YEARS;**

16 **C. HAS AN AGGREGATE CAPITALIZATION OF AT LEAST**
17 **\$100,000;**

18 **D. OWNS OR HAS PROPERLY LICENSED ANY**
19 **PROPRIETARY TECHNOLOGY;**

20 **E. HAS FEWER THAN 50 FULL-TIME EMPLOYEES;**

21 **F. DOES NOT HAVE ITS SECURITIES PUBLICLY TRADED**
22 **ON ANY EXCHANGE;**

23 **G. IS IN GOOD STANDING;**

24 **H. IS CURRENT IN THE PAYMENT OF ALL TAX**
25 **OBLIGATIONS TO THE STATE OR ANY UNIT OR SUBDIVISION OF THE STATE;**

26 **I. IS NOT IN DEFAULT UNDER THE TERMS OF ANY**
27 **CONTRACT WITH, INDEBTEDNESS TO, OR GRANT FROM THE STATE OR ANY UNIT OR**
28 **SUBDIVISION OF THE STATE; AND**

1 **J.** **MEETS ANY OTHER REASONABLE REQUIREMENTS OF**
2 **THE DEPARTMENT EVIDENCING THAT THE COMPANY IS A GOING CONCERN**
3 **ENGAGED IN THE RESEARCH, DEVELOPMENT, OR COMMERCIALIZATION OF**
4 **INNOVATIVE AND PROPRIETARY IDEAS IN AN ELIGIBLE ECONOMIC SECTOR**
5 **IDENTIFIED UNDER PARAGRAPH (2) OF THIS SUBSECTION; AND**

6 **3.** **ANY OTHER INFORMATION THE DEPARTMENT MAY**
7 **REQUIRE.**

8 **(2) (I) A COMPANY QUALIFIES FOR INVESTMENTS THAT ARE**
9 **ELIGIBLE FOR THE TAX CREDIT UNDER THIS SECTION IF THE COMPANY ENGAGES IN**
10 **ONE OR MORE OF THE FOLLOWING ECONOMIC SECTORS:**

11 **1.** **ADVANCED MANUFACTURING;**

12 **2.** **BIOSCIENCES;**

13 **3.** **CYBERSECURITY;**

14 **4.** **TECHNOLOGY; OR**

15 **5.** **AN ECONOMIC SECTOR DESIGNATED BY THE**
16 **DEPARTMENT UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH.**

17 **(II) AFTER CONSULTING WITH THE DEPARTMENT AND THE**
18 **MARYLAND DEPARTMENT OF LABOR, EACH YEAR THE MARYLAND ECONOMIC**
19 **DEVELOPMENT COMMISSION SHALL:**

20 **1.** **EVALUATE THE POTENTIAL EMPLOYMENT AND**
21 **ECONOMIC GROWTH OF THE STATE'S ECONOMIC SECTORS; AND**

22 **2.** **RECOMMEND ADDITIONAL QUALIFYING ECONOMIC**
23 **SECTORS TO THE DEPARTMENT.**

24 **(III) EACH YEAR, THE DEPARTMENT SHALL:**

25 **1.** **CONSIDER THE RECOMMENDATION OF THE**
26 **MARYLAND ECONOMIC DEVELOPMENT COMMISSION; AND**

27 **2.** **DESIGNATE ADDITIONAL ECONOMIC SECTORS TO**
28 **INCLUDE ON THE LIST OF SECTORS IDENTIFIED UNDER SUBPARAGRAPH (I) OF THIS**
29 **PARAGRAPH.**

1 (IV) IN DETERMINING WHETHER A COMPANY IS ENGAGED IN AN
2 ELIGIBLE ECONOMIC SECTOR, THE DEPARTMENT SHALL CONSIDER THE
3 DEFINITIONS SET FORTH IN THE NORTH AMERICAN INDUSTRY CLASSIFICATION
4 SYSTEM (NAICS).

5 (D) (1) THE DEPARTMENT SHALL MAINTAIN AN ONLINE PORTAL THAT:

6 (I) PUBLICLY PROVIDES INFORMATION ABOUT THE TAX
7 CREDIT, INCLUDING A CURRENT LIST OF ELIGIBLE ECONOMIC SECTORS;

8 (II) SECURELY MANAGES APPLICATIONS FOR CREDITS UNDER
9 THIS SECTION; AND

10 (III) PROVIDES APPLICATION STATUS UPDATES TO APPLICANTS.

11 (2) NOTWITHSTANDING PROVISIONS OF LAW REQUIRING
12 DISCLOSURE, INFORMATION PROVIDED AS PART OF AN APPLICATION UNDER THIS
13 SECTION MAY NOT BE DISCLOSED TO THE PUBLIC BY A UNIT OF STATE
14 GOVERNMENT.

15 (E) THE DEPARTMENT SHALL:

16 (1) APPROVE ALL APPLICATIONS THAT QUALIFY FOR CREDITS UNDER
17 THIS SECTION ON A FIRST-COME, FIRST-SERVED BASIS; AND

18 (2) WITHIN 30 CALENDAR DAYS OF RECEIPT OF AN APPLICATION:

19 (I) CERTIFY THE AMOUNT OF ANY APPROVED TAX CREDITS TO
20 A QUALIFIED INVESTOR; AND

21 (II) DETERMINE WHETHER A COMPANY QUALIFIES FOR
22 INVESTMENTS THAT ARE ELIGIBLE FOR THE TAX CREDIT UNDER THIS SECTION.

23 (3) (I) AFTER THE DATE ON WHICH THE DEPARTMENT ISSUES AN
24 INITIAL TAX CREDIT CERTIFICATE UNDER THIS SECTION, A QUALIFIED INVESTOR
25 SHALL HAVE 30 CALENDAR DAYS TO MAKE AN INVESTMENT IN A QUALIFIED
26 MARYLAND COMPANY UNDER THIS SECTION.

27 (II) WITHIN 10 CALENDAR DAYS AFTER THE DATE ON WHICH A
28 QUALIFIED INVESTOR MAKES THE INVESTMENT, THE QUALIFIED INVESTOR SHALL
29 PROVIDE TO THE DEPARTMENT NOTICE AND PROOF OF THE MAKING OF THE
30 INVESTMENT, INCLUDING:

- 1 1. **THE DATE OF THE INVESTMENT;**
- 2 2. **THE AMOUNT INVESTED;**
- 3 3. **PROOF OF THE RECEIPT OF THE INVESTED FUNDS BY**
4 **THE QUALIFIED MARYLAND COMPANY;**
- 5 4. **A COMPLETE DESCRIPTION OF THE NATURE OF THE**
6 **OWNERSHIP INTEREST IN THE EQUITY OF THE QUALIFIED MARYLAND COMPANY**
7 **ACQUIRED IN CONSIDERATION OF THE INVESTMENT; AND**
- 8 5. **ANY REASONABLE SUPPORTING DOCUMENTATION**
9 **THE DEPARTMENT MAY REQUIRE.**

10 **(III) IF A QUALIFIED INVESTOR DOES NOT PROVIDE THE NOTICE**
11 **AND PROOF OF THE MAKING OF THE INVESTMENT REQUIRED IN SUBPARAGRAPH (II)**
12 **OF THIS PARAGRAPH WITHIN 40 CALENDAR DAYS AFTER THE DATE ON WHICH THE**
13 **DEPARTMENT ISSUES AN INITIAL TAX CREDIT CERTIFICATE UNDER THIS SECTION:**

- 14 1. **THE DEPARTMENT SHALL RESCIND THE INITIAL TAX**
15 **CREDIT CERTIFICATE; AND**
- 16 2. **THE CREDIT AMOUNT ALLOCATED TO THE RESCINDED**
17 **CERTIFICATE SHALL REVERT TO THE RESERVE FUND AND SHALL BE AVAILABLE IN**
18 **THE APPLICABLE FISCAL YEAR FOR ALLOCATION BY THE DEPARTMENT TO OTHER**
19 **INITIAL TAX CREDIT CERTIFICATES IN ACCORDANCE WITH THE PROVISIONS OF THIS**
20 **SECTION.**

21 **(F) (1) THE TAX CREDIT ALLOWED IN AN INITIAL TAX CREDIT**
22 **CERTIFICATE ISSUED UNDER THIS SECTION IS:**

23 **(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH,**
24 **33% OF THE INVESTMENT IN A QUALIFIED MARYLAND COMPANY, NOT TO EXCEED**
25 **\$250,000; OR**

26 **(II) IF A QUALIFIED MARYLAND COMPANY IS LOCATED IN**
27 **ALLEGANY COUNTY, DORCHESTER COUNTY, GARRETT COUNTY, OR SOMERSET**
28 **COUNTY, 50% OF THE INVESTMENT IN THE QUALIFIED MARYLAND COMPANY, NOT**
29 **TO EXCEED \$500,000.**

30 **(2) DURING ANY FISCAL YEAR, THE SECRETARY MAY NOT CERTIFY**
31 **ELIGIBILITY FOR TAX CREDITS FOR INVESTMENTS IN:**

1 **(I) A SINGLE QUALIFIED MARYLAND COMPANY THAT IN THE**
2 **AGGREGATE EXCEED 15% OF THE TOTAL APPROPRIATIONS TO THE RESERVE FUND**
3 **FOR THAT FISCAL YEAR; OR**

4 **(II) A SINGLE ECONOMIC SECTOR THAT IN THE AGGREGATE**
5 **EXCEED 25% OF THE TOTAL APPROPRIATIONS TO THE RESERVE FUND FOR THAT**
6 **FISCAL YEAR.**

7 **(3) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**
8 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL**
9 **OR A CORPORATION MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.**

10 **(G) (1) (I) THERE IS AN ANGEL INVESTOR TAX CREDIT RESERVE**
11 **FUND WHICH IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT**
12 **TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

13 **(II) THE MONEY IN THE RESERVE FUND SHALL BE INVESTED**
14 **AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL BE**
15 **CREDITED TO THE GENERAL FUND.**

16 **(III) THE MONEY IN THE RESERVE FUND MAY BE USED BY THE**
17 **DEPARTMENT TO PAY THE COSTS OF ADMINISTERING THE TAX CREDIT PROGRAM**
18 **UNDER THIS SECTION.**

19 **(2) (I) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE**
20 **SECRETARY SHALL ISSUE AN INITIAL TAX CREDIT CERTIFICATE TO A QUALIFIED**
21 **INVESTOR FOR EACH APPROVED INVESTMENT IN A QUALIFIED MARYLAND**
22 **COMPANY ELIGIBLE FOR A TAX CREDIT.**

23 **(II) AN INITIAL TAX CREDIT CERTIFICATE ISSUED UNDER THIS**
24 **SUBSECTION SHALL STATE THE MAXIMUM AMOUNT OF TAX CREDIT FOR WHICH THE**
25 **QUALIFIED INVESTOR IS ELIGIBLE.**

26 **(III) 1. EXCEPT AS OTHERWISE PROVIDED IN THIS**
27 **SUBPARAGRAPH, FOR ANY FISCAL YEAR, THE SECRETARY MAY NOT ISSUE INITIAL**
28 **TAX CREDIT CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING**
29 **MORE THAN THE AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL**
30 **YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY, AS**
31 **REDUCED BY THE AMOUNT NEEDED TO PAY THE COSTS OF ADMINISTERING THE TAX**
32 **CREDIT PROGRAM UNDER THIS SECTION.**

33 **2. IF THE AGGREGATE CREDIT AMOUNTS UNDER INITIAL**
34 **TAX CREDIT CERTIFICATES ISSUED IN A FISCAL YEAR TOTAL LESS THAN THE**

1 AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL YEAR, ANY
2 EXCESS AMOUNT SHALL REMAIN IN THE RESERVE FUND AND MAY BE ISSUED UNDER
3 INITIAL TAX CREDIT CERTIFICATES FOR THE NEXT FISCAL YEAR.

4 **3. FOR ANY FISCAL YEAR, IF FUNDS ARE TRANSFERRED**
5 **FROM THE RESERVE FUND UNDER THE AUTHORITY OF ANY PROVISION OF LAW**
6 **OTHER THAN UNDER PARAGRAPH (3) OF THIS SUBSECTION, THE MAXIMUM CREDIT**
7 **AMOUNTS IN THE AGGREGATE FOR WHICH THE SECRETARY MAY ISSUE INITIAL TAX**
8 **CREDIT CERTIFICATES SHALL BE REDUCED BY THE AMOUNT TRANSFERRED.**

9 **(IV) FOR EACH FISCAL YEAR, THE GOVERNOR SHALL INCLUDE**
10 **IN THE BUDGET BILL AN APPROPRIATION OF AT LEAST \$2,000,000 TO THE RESERVE**
11 **FUND.**

12 **(V) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE**
13 **STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT REDUCE**
14 **AN APPROPRIATION TO THE RESERVE FUND IN THE STATE BUDGET AS APPROVED**
15 **BY THE GENERAL ASSEMBLY.**

16 **(VI) BASED ON THE ACTUAL AMOUNT OF AN INVESTMENT MADE**
17 **BY A QUALIFIED INVESTOR, THE SECRETARY SHALL ISSUE A FINAL TAX CREDIT**
18 **CERTIFICATE TO THE QUALIFIED INVESTOR.**

19 **(3) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,**
20 **MONEY APPROPRIATED TO THE RESERVE FUND SHALL REMAIN IN THE RESERVE**
21 **FUND.**

22 **(II) 1. WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR**
23 **QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER AS TO EACH FINAL**
24 **CREDIT CERTIFICATE ISSUED DURING THE QUARTER:**

25 **A. THE MAXIMUM CREDIT AMOUNT STATED IN THE**
26 **INITIAL TAX CREDIT CERTIFICATE FOR THE INVESTMENT IN THE QUALIFIED**
27 **MARYLAND COMPANY; AND**

28 **B. THE FINAL CERTIFIED CREDIT AMOUNT FOR THE**
29 **INVESTMENT IN THE QUALIFIED MARYLAND COMPANY.**

30 **2. ON NOTIFICATION THAT AN INVESTMENT HAS BEEN**
31 **CERTIFIED, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE**
32 **CREDIT AMOUNT STATED IN THE INITIAL TAX CREDIT CERTIFICATE FOR THE**
33 **INVESTMENT FROM THE RESERVE FUND TO THE GENERAL FUND.**

1 **(III) 1. PERIODICALLY, BUT NOT MORE FREQUENTLY THAN**
2 **QUARTERLY, THE DEPARTMENT MAY SUBMIT INVOICES FOR COSTS THAT HAVE**
3 **BEEN INCURRED OR ARE ANTICIPATED TO BE INCURRED IN ADMINISTERING THE**
4 **TAX CREDIT PROGRAM UNDER THIS SECTION.**

5 **2. THE COMPTROLLER SHALL TRANSFER MONEY FROM**
6 **THE RESERVE FUND TO THE DEPARTMENT TO PAY FOR COSTS THAT HAVE BEEN**
7 **INCURRED OR ARE ANTICIPATED TO BE INCURRED IN ADMINISTERING THE TAX**
8 **CREDIT PROGRAM UNDER THIS SECTION.**

9 **(H) (1) THE CREDIT CLAIMED UNDER THIS SECTION SHALL BE**
10 **RECAPTURED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION IF WITHIN 2**
11 **YEARS FROM THE CLOSE OF THE TAXABLE YEAR FOR WHICH THE CREDIT IS**
12 **CLAIMED:**

13 **(I) THE QUALIFIED INVESTOR SELLS, TRANSFERS, OR**
14 **OTHERWISE DISPOSES OF THE OWNERSHIP INTEREST IN THE QUALIFIED MARYLAND**
15 **COMPANY THAT GAVE RISE TO THE CREDIT; OR**

16 **(II) THE QUALIFIED MARYLAND COMPANY THAT GAVE RISE TO**
17 **THE CREDIT:**

18 **1. CEASES OPERATING AS AN ACTIVE BUSINESS WITH ITS**
19 **HEADQUARTERS AND BASE OF OPERATIONS IN THE STATE; OR**

20 **2. PAYS OUT AS DIVIDENDS OR OTHERWISE**
21 **DISTRIBUTES THE EQUITY INVESTMENT.**

22 **(2) THE CREDIT CLAIMED UNDER THIS SECTION SHALL BE**
23 **RECAPTURED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION IF, WITHIN 4**
24 **MONTHS OF RECEIVING A QUALIFIED INVESTMENT, A QUALIFIED MARYLAND**
25 **COMPANY IS NOT DULY ORGANIZED AND EXISTING UNDER THE LAWS OF ANY**
26 **JURISDICTION FOR THE PURPOSES OF CONDUCTING BUSINESS FOR PROFIT.**

27 **(3) THE AMOUNT REQUIRED TO BE RECAPTURED UNDER THIS**
28 **SUBSECTION IS THE PRODUCT OF MULTIPLYING:**

29 **(I) THE TOTAL AMOUNT OF THE CREDIT CLAIMED OR, IN THE**
30 **CASE OF AN EVENT DESCRIBED IN PARAGRAPH (1)(I) OF THIS SUBSECTION, THE**
31 **PORTION OF THE CREDIT ATTRIBUTABLE TO THE OWNERSHIP INTEREST DISPOSED**
32 **OF; AND**

1 (ii) 1. 100%, IF THE EVENT REQUIRING RECAPTURE OF THE
2 CREDIT OCCURS DURING THE TAXABLE YEAR FOR WHICH THE TAX CREDIT IS
3 CLAIMED;

4 2. 67%, IF THE EVENT REQUIRING RECAPTURE OF THE
5 CREDIT OCCURS DURING THE FIRST YEAR AFTER THE CLOSE OF THE TAXABLE YEAR
6 FOR WHICH THE TAX CREDIT IS CLAIMED; OR

7 3. 33%, IF THE EVENT REQUIRING RECAPTURE OF THE
8 CREDIT OCCURS MORE THAN 1 YEAR BUT NOT MORE THAN 2 YEARS AFTER THE
9 CLOSE OF THE TAXABLE YEAR FOR WHICH THE TAX CREDIT IS CLAIMED.

10 (4) THE QUALIFIED INVESTOR THAT CLAIMED THE CREDIT SHALL
11 PAY THE AMOUNT TO BE RECAPTURED AS DETERMINED UNDER PARAGRAPH (3) OF
12 THIS SUBSECTION AS TAXES PAYABLE TO THE STATE FOR THE TAXABLE YEAR IN
13 WHICH THE EVENT REQUIRING RECAPTURE OF THE CREDIT OCCURS.

14 (i) (1) THE DEPARTMENT MAY REVOKE ITS INITIAL OR FINAL
15 CERTIFICATION OF AN APPROVED CREDIT UNDER THIS SECTION IF ANY
16 REPRESENTATION MADE IN CONNECTION WITH THE APPLICATION FOR THE
17 CERTIFICATION IS DETERMINED BY THE DEPARTMENT TO HAVE BEEN FALSE.

18 (2) THE REVOCATION MAY BE IN FULL OR IN PART AS THE
19 DEPARTMENT MAY DETERMINE AND, SUBJECT TO PARAGRAPH (3) OF THIS
20 SUBSECTION, SHALL BE COMMUNICATED TO THE QUALIFIED INVESTOR, THE
21 QUALIFIED MARYLAND COMPANY, AND THE COMPTROLLER.

22 (3) THE QUALIFIED INVESTOR SHALL HAVE AN OPPORTUNITY TO
23 APPEAL ANY REVOCATION TO THE DEPARTMENT PRIOR TO NOTIFICATION OF THE
24 COMPTROLLER.

25 (4) THE COMPTROLLER MAY MAKE AN ASSESSMENT AGAINST THE
26 QUALIFIED INVESTOR TO RECAPTURE ANY AMOUNT OF TAX CREDIT THAT THE
27 QUALIFIED INVESTOR HAS ALREADY CLAIMED.

28 (j) THE DEPARTMENT SHALL CONDUCT OUTREACH ABOUT THE TAX
29 CREDIT ESTABLISHED UNDER THIS SECTION TO INCUBATORS, INSTITUTIONS OF
30 HIGHER EDUCATION, AND INVESTOR NETWORKS.

31 (k) IN ACCORDANCE WITH § 2.5-109 OF THE ECONOMIC DEVELOPMENT
32 ARTICLE, THE DEPARTMENT SHALL SUBMIT A REPORT ON THE INITIAL TAX CREDIT
33 CERTIFICATES AWARDED UNDER THIS SECTION FOR THE CALENDAR YEAR.

