

SENATE BILL 25

Q3

(PRE-FILED)

6lr0255

CF HB 290

By: Chair, Budget and Taxation Committee (By Request – Departmental – Commerce)

Requested: September 30, 2025

Introduced and read first time: January 14, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Cybersecurity Technology and Service Tax Credit – Alterations**

3 FOR the purpose of designating the credit against the State income tax for certain costs
4 incurred to purchase certain cybersecurity technology and services as the Buy
5 Maryland Cybersecurity Tax Credit; stating the purpose of the credit; repealing the
6 authority of the Department of Commerce to establish a certain panel to assist the
7 Department in administering the credit; altering eligibility for the credit; altering
8 the aggregate amount of credits that may be issued for certain cybersecurity
9 purchases; making the credit refundable; repealing a certain requirement that the
10 Secretary award a certain percentage of tax credits to qualified buyers of
11 cybersecurity services; prohibiting the Department from approving the credit after a
12 certain taxable year; and generally relating to the Buy Maryland Cybersecurity Tax
13 Credit.

14 BY repealing and reenacting, with amendments,

15 Article – Tax – General

16 Section 10-733.1

17 Annotated Code of Maryland

18 (2022 Replacement Volume and 2025 Supplement)

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

21 Article – Tax – General

22 10-733.1.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) "Cybersecurity business" means an entity organized for profit that is engaged primarily in the development of innovative and proprietary cybersecurity technology or the provision of cybersecurity service.

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

11 (5) "Department" means the Department of Commerce.

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

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

17 [8] (7) “Qualified seller” means a cybersecurity business that:

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

19 (ii) 1. has less than **[\$5,000,000] \$10,000,000** in annual
20 revenue;

21 2. IS OWNED BY AN INDIVIDUAL OR GROUP OF
22 INDIVIDUALS WHO BELONG TO A GROUP THAT HISTORICALLY HAS BEEN DEPRIVED
23 OF ACCESS TO NORMAL ECONOMIC OR FINANCIAL RESOURCES:

[3.] 4. is located in a historically underutilized business zone designated by the United States Small Business Administration;

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

30 2. provides a cybersecurity service;

31 (iv) is in good standing;

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

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

12 **[(1)] (3)** Subject to paragraphs **[(2) and (3)] (4) THROUGH (6)** of this
13 subsection, a qualified buyer may claim a credit against the State income tax in an amount
14 equal to 50% of the cost incurred during the taxable year to purchase cybersecurity
15 technology or a cybersecurity service from one or more qualified sellers.

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

21 **[3)] (6)** For any taxable year, the aggregate credits claimed for
22 cybersecurity technology or cybersecurity service purchased from a single qualified seller
23 may not exceed **[\$200 000] \$1,000,000**

24 (c) [1] The Department, in consultation with the Maryland Technology
25 Development Corporation, may establish a panel composed of experts in the areas of
26 cybersecurity technology and cybersecurity service

31 (4) A member of the panel is not eligible to receive any benefit, direct or
32 indirect, from the tax credit under this section.

(5) (i) Except as provided in subparagraph (ii) of this paragraph, Division II of the State Finance and Procurement Article does not apply to a service that the Department obtains under this section.

4 (ii) The Department is subject to Title 12, Subtitle 4 of the State
5 Finance and Procurement Article for services the Department obtains under this section.]

6 [(d)] (1) (i) A qualified buyer eligible for the credit under this section may
7 apply to the Department for a credit certificate that states the amount of the credit the
8 qualified buyer may claim under subsection (b) of this section.

9 (ii) A qualified buyer shall attach the credit certificate to the income
10 tax return on which the qualified buyer claims the credit under subsection (b) of this
11 section.

15 (3) [(i)] The total amount of the credit certificates approved by the
16 Secretary of Commerce under this subsection may not exceed:

17 [1.] (I) for taxable year 2018, \$2,000,000; and

18 [2.] (II) for taxable year 2019 and each taxable year
19 thereafter, \$4,000,000.

23 **(e) (D)** (1) The Department may revoke its certification of a credit under
24 this section if any representation made in connection with the application for the
25 certification is determined by the Department to have been false.

31 (4) The Comptroller may make an assessment against the qualified buyer
32 to recapture any amount of tax credit that the qualified buyer has already claimed.

1 **[(f)] (E)** In accordance with § 2.5–109 of the Economic Development Article, the
2 Department shall submit a report on the credit certificates awarded under this section for
3 the calendar year.

4 **[(g)] (F)** The Department and the Comptroller jointly shall adopt regulations to
5 carry out this section and to specify criteria and procedures for application for, approval of,
6 and monitoring continuing eligibility for the tax credit under this section.

7 **(G) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS SECTION**
8 **FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2030.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.