

# SENATE BILL 826

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CF 6lr2413

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By: Senator Hester

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Angel Investor Tax Credit for Investments in Emergent**  
3 **Technology**

4 FOR the purpose of allowing a credit against the State income tax for a certain percentage  
5 of an investment made in qualified Maryland companies up to a certain amount;  
6 providing that investments in companies engaging in certain emergent technology  
7 may qualify for the tax credit, subject to certain requirements; providing that a  
8 qualified investor shall make an investment in a qualified Maryland company within  
9 a certain amount of time after the Department issues an initial tax credit certificate;  
10 establishing the Angel Investor Tax Credit Reserve Fund; requiring interest  
11 earnings of the Fund to be credited to the Fund; providing for the recapture of a  
12 credit under certain circumstances; authorizing the Department to revoke a  
13 certification if a representation made in connection with the application for the  
14 certification is false; requiring the Department to conduct certain outreach about the  
15 tax credit; and generally relating to the Angel Investor Tax Credit.

16 BY repealing and reenacting, with amendments,  
17 Article – Economic Development  
18 Section 2.5–109(a)(4)(vii)  
19 Annotated Code of Maryland  
20 (2024 Replacement Volume and 2025 Supplement)

21 BY repealing and reenacting, without amendments,  
22 Article – State Finance and Procurement  
23 Section 6–226(a)(2)(ii)  
24 Annotated Code of Maryland  
25 (2021 Replacement Volume and 2025 Supplement)

26 BY repealing and reenacting, with amendments,  
27 Article – State Finance and Procurement  
28 Section 6–226(a)(2)(iii)79.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



# Annotated Code of Maryland (2021 Replacement Volume and 2025 Supplement)

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

8 BY repealing and reenacting, with amendments,  
9 Chapter 717 of the Acts of the General Assembly of 2024  
10 Section 8(54)

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

## Article – Economic Development

14 2.5-109.

15 (a) In this section, "economic development program" means:

18 (vii) the [Innovation Investment Incentive] **ANGEL INVESTOR** Tax  
19 Credit;

## Article – State Finance and Procurement

21 6-226.

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

## Article – Tax – General

1 10-733.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) (I) "COMPANY" MEANS ANY ENTITY OF ANY FORM DULY  
5 ORGANIZED AND EXISTING UNDER THE LAWS OF ANY JURISDICTION FOR THE  
6 PURPOSE OF CONDUCTING BUSINESS FOR PROFIT.

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

11 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF COMMERCE.

12 (4) "EMERGENT TECHNOLOGY" MEANS ARTIFICIAL INTELLIGENCE,  
13 QUANTUM COMPUTING, OR CYBERSECURITY.

14 (5) (I) "INVESTMENT" MEANS THE CONTRIBUTION OF MONEY IN  
15 CASH OR CASH EQUIVALENTS EXPRESSED IN UNITED STATES DOLLARS, AT A RISK  
16 OF LOSS, TO A QUALIFIED MARYLAND COMPANY IN EXCHANGE FOR STOCK, A  
17 PARTNERSHIP OR MEMBERSHIP INTEREST, OR ANY OTHER OWNERSHIP INTEREST  
18 IN THE EQUITY OF THE QUALIFIED MARYLAND COMPANY, TITLE TO WHICH  
19 OWNERSHIP INTEREST SHALL VEST IN THE QUALIFIED INVESTOR.

20 (II) "INVESTMENT" DOES NOT INCLUDE DEBT UNLESS IT IS  
21 CONVERTIBLE DEBT.

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

25 (6) (I) "QUALIFIED INVESTOR" MEANS ANY INDIVIDUAL OR ENTITY  
26 THAT, BEFORE JULY 1, 2029, INVESTS AT LEAST \$25,000 IN A QUALIFIED MARYLAND  
27 COMPANY AND THAT IS REQUIRED TO FILE AN INCOME TAX RETURN IN ANY  
28 JURISDICTION.

29 (II) "QUALIFIED INVESTOR" DOES NOT INCLUDE:

30 1. A VENTURE CAPITAL BUSINESS, BANK, BANK AND  
31 TRUST, INSURANCE, TRUST, OR SAVINGS ASSOCIATION OR BUILDING AND LOAN  
32 ASSOCIATION;

11 (8) "RESERVE FUND" MEANS THE ANGEL INVESTOR TAX CREDIT  
12 RESERVE FUND ESTABLISHED UNDER THIS SECTION.

13 (9) "SECRETARY" MEANS THE SECRETARY OF COMMERCE.

**14 (B) (1) THERE IS AN ANGEL INVESTOR TAX CREDIT.**

18 (3) THE GOAL OF THE ANGEL INVESTOR TAX CREDIT IS TO  
19 INCREASE:

20 (I) THE NUMBER OF COMPANIES DEVELOPING IN MARYLAND;

21 (II) THE OVERALL INVESTMENTS IN EMERGENT  
22 TECHNOLOGIES; AND

23 (III) THE NUMBER OF INDIVIDUAL INVESTORS ACTIVELY  
24 INVESTING IN MARYLAND COMPANIES.

25 (4) SUBJECT TO SUBSECTIONS (C), (D), AND (E) OF THIS SECTION,  
26 FOR THE TAXABLE YEAR IN WHICH AN INVESTMENT IN A QUALIFIED MARYLAND  
27 COMPANY IS MADE, A QUALIFIED INVESTOR MAY CLAIM A CREDIT AGAINST THE  
28 STATE INCOME TAX IN AN AMOUNT EQUAL TO THE AMOUNT STATED IN THE FINAL  
29 CREDIT CERTIFICATE APPROVED BY THE SECRETARY FOR THE INVESTMENT AS  
30 PROVIDED UNDER THIS SECTION.

1                   (C) (1) TO BE ELIGIBLE FOR THE ANGEL INVESTOR TAX CREDIT UNDER  
2 THIS SECTION, THE QUALIFIED INVESTOR:

3                   (I) MAY NOT, AFTER MAKING THE PROPOSED INVESTMENT,  
4 OWN OR CONTROL MORE THAN 50% OF THE EQUITY INTERESTS IN THE QUALIFIED  
5 MARYLAND COMPANY IN WHICH THE INVESTMENT IS MADE; AND

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

9                   1. EVIDENCE THAT THE INVESTOR IS:

10                   A. IF A COMPANY, DULY ORGANIZED AND IN GOOD  
11 STANDING IN THE JURISDICTION UNDER THE LAWS UNDER WHICH IT IS ORGANIZED;

12                   B. CURRENT IN THE PAYMENT OF ALL TAX OBLIGATIONS  
13 TO A STATE OR ANY UNIT OR SUBDIVISION OF A STATE; AND

14                   C. NOT IN DEFAULT UNDER THE TERMS OF ANY  
15 CONTRACT WITH, INDEBTEDNESS TO, OR GRANT FROM A STATE OR ANY UNIT OR  
16 SUBDIVISION OF A STATE;

17                   2. EVIDENCE THAT THE COMPANY HAS BEEN APPROVED  
18 BY THE DEPARTMENT AS A QUALIFIED MARYLAND COMPANY UNDER PARAGRAPH  
19 (2) OF THIS SUBSECTION; AND

20                   3. ANY OTHER INFORMATION THE DEPARTMENT MAY  
21 REQUIRE.

22                   (2) (I) 1. TO BE ELIGIBLE TO RECEIVE QUALIFIED  
23 INVESTMENTS UNDER THIS SECTION, A COMPANY MAY APPLY TO THE DEPARTMENT  
24 TO BE APPROVED AS A QUALIFIED MARYLAND COMPANY.

25                   2. THE APPLICATION SHALL INCLUDE:

26                   A. A COPY OF THE COMPANY'S ORGANIZATIONAL  
27 DOCUMENTS;

28                   B. A BUSINESS PLAN, INCLUDING A DESCRIPTION OF THE  
29 COMPANY AND THE MANAGEMENT, PRODUCT, MARKET, AND FINANCIAL PLAN;

10 G. ANY OTHER INFORMATION REQUIRED BY THE  
11 DEPARTMENT.

5 HAS FEWER THAN 25 FULL-TIME EMPLOYEES;

## 7 IS IN GOOD STANDING:

**10. ENGAGES IN ONE OR MORE EMERGENT TECHNOLOGY.**

5 (III) THE DEPARTMENT MAY WAIVE THE REQUIREMENTS UNDER  
6 SUBPARAGRAPH (II)2, 3, OR 4 OF THIS PARAGRAPH IN THE CASE OF A COMPANY  
7 THAT HAS OPERATED IN THE STATE FOR MORE THAN 7 YEARS BUT IS NEWLY  
8 EXPANDING ITS OPERATIONS TO INCLUDE EMERGENT TECHNOLOGY.

11 (D) (1) THE DEPARTMENT SHALL:

12 (I) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,  
13 APPROVE ALL APPLICATIONS THAT QUALIFY FOR TAX CREDITS UNDER THIS  
14 SECTION ON A FIRST-COME, FIRST-SERVED BASIS; AND

15 (II) WITHIN 30 CALENDAR DAYS OF RECEIPT OF AN  
16 APPLICATION:

17                           1. CERTIFY THE AMOUNT OF ANY APPROVED TAX  
18 CREDITS TO A QUALIFIED INVESTOR; AND

21 (2) THE DEPARTMENT SHALL AWARD CREDITS IN THE FOLLOWING  
22 PROPORTIONS:

26 (II) 50% OF THE AMOUNT IN THE RESERVE FUND TO QUALIFIED  
27 INVESTORS THAT INVESTED IN A QUALIFIED MARYLAND COMPANY THAT IS  
28 EXPANDING ITS OPERATIONS TO INCLUDE EMERGENT TECHNOLOGY.

1 SHALL HAVE 30 CALENDAR DAYS TO MAKE AN INVESTMENT IN A QUALIFIED  
2 MARYLAND COMPANY.

3 (II) WITHIN 10 CALENDAR DAYS AFTER THE DATE ON WHICH A  
4 QUALIFIED INVESTOR MAKES THE INVESTMENT, THE QUALIFIED INVESTOR SHALL  
5 PROVIDE TO THE DEPARTMENT NOTICE AND PROOF OF THE MAKING OF THE  
6 INVESTMENT, INCLUDING:

7 1. THE DATE OF THE INVESTMENT;

8 2. THE AMOUNT INVESTED;

9 3. PROOF OF THE RECEIPT OF THE INVESTED FUNDS BY  
10 THE QUALIFIED MARYLAND COMPANY;

11 4. A COMPLETE DESCRIPTION OF THE NATURE OF THE  
12 OWNERSHIP INTEREST IN THE EQUITY OF THE QUALIFIED MARYLAND COMPANY  
13 ACQUIRED IN CONSIDERATION OF THE INVESTMENT; AND

14 5. ANY REASONABLE SUPPORTING DOCUMENTATION  
15 THE DEPARTMENT MAY REQUIRE.

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

20 1. THE DEPARTMENT SHALL RESCIND THE INITIAL TAX  
21 CREDIT CERTIFICATE; AND

22 2. THE CREDIT AMOUNT ALLOCATED TO THE RESCINDED  
23 CERTIFICATE SHALL REVERT TO THE RESERVE FUND AND SHALL BE AVAILABLE IN  
24 THE APPLICABLE FISCAL YEAR FOR ALLOCATION BY THE DEPARTMENT TO OTHER  
25 INITIAL TAX CREDIT CERTIFICATES IN ACCORDANCE WITH THE PROVISIONS OF THIS  
26 SECTION.

27 (E) (1) THE TAX CREDIT ALLOWED IN AN INITIAL TAX CREDIT  
28 CERTIFICATE ISSUED UNDER THIS SECTION IS 25% OF THE INVESTMENT IN A  
29 QUALIFIED MARYLAND COMPANY, NOT TO EXCEED \$1,000,000.

30 (2) IF THE QUALIFIED INVESTOR THAT RECEIVES A TAX CREDIT  
31 CERTIFICATE ISSUED UNDER THIS SECTION:

1 (I) IS AN S CORPORATION, THE TAX CREDIT MAY BE CLAIMED  
2 BY THE SHAREHOLDERS OR PARTNERS OF THE QUALIFIED INVESTOR; OR

3 (II) IS A SINGLE MEMBER LIMITED LIABILITY COMPANY, THE  
4 TAX CREDIT MAY BE CLAIMED BY THE OWNER.

**(I) THE FULL AMOUNT OF THE CREDIT IS USED; OR**

14 (II) THE EXPIRATION OF THE 5TH YEAR AFTER THE TAXABLE  
15 YEAR FOR WHICH THE CREDIT WAS ALLOWED.

16 (F) (1) (I) THERE IS AN ANGEL INVESTOR TAX CREDIT RESERVE  
17 FUND THAT IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT  
18 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

22 (III) THE MONEY IN THE RESERVE FUND MAY BE USED BY THE  
23 DEPARTMENT TO PAY THE COSTS OF ADMINISTERING THE TAX CREDIT PROGRAM  
24 UNDER THIS SECTION.

29 (II) AN INITIAL TAX CREDIT CERTIFICATE ISSUED UNDER THIS  
30 SUBSECTION SHALL STATE THE MAXIMUM AMOUNT OF TAX CREDIT FOR WHICH THE  
31 QUALIFIED INVESTOR IS ELIGIBLE.

18 (IV) FOR EACH FISCAL YEAR, THE GOVERNOR SHALL INCLUDE  
19 IN THE BUDGET BILL AN APPROPRIATION OF AT LEAST \$25,000,000 TO THE  
20 RESERVE FUND.

25 (VI) BASED ON THE ACTUAL AMOUNT OF AN INVESTMENT MADE  
26 BY A QUALIFIED INVESTOR, THE SECRETARY SHALL ISSUE A FINAL TAX CREDIT  
27 CERTIFICATE TO THE QUALIFIED INVESTOR.

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

18 (G) (1) THE CREDIT CLAIMED UNDER THIS SECTION SHALL BE  
19 RECAPTURED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION IF WITHIN 2  
20 YEARS FROM THE CLOSE OF THE TAXABLE YEAR FOR WHICH THE CREDIT IS  
21 CLAIMED:

22 (I) THE QUALIFIED INVESTOR SELLS, TRANSFERS, OR  
23 OTHERWISE DISPOSES OF THE OWNERSHIP INTEREST IN THE QUALIFIED MARYLAND  
24 COMPANY THAT GAVE RISE TO THE CREDIT; OR

1 COMPANY IS NOT DULY ORGANIZED AND EXISTING UNDER THE LAWS OF ANY  
2 JURISDICTION FOR THE PURPOSES OF CONDUCTING BUSINESS FOR PROFIT.

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

5 (I) THE TOTAL AMOUNT OF THE CREDIT CLAIMED OR, IN THE  
6 CASE OF AN EVENT DESCRIBED IN PARAGRAPH (1)(I) OF THIS SUBSECTION, THE  
7 PORTION OF THE CREDIT ATTRIBUTABLE TO THE OWNERSHIP INTEREST DISPOSED  
8 OF; AND

9 (II) 1. 100%, IF THE EVENT REQUIRING RECAPTURE OF THE  
10 CREDIT OCCURS DURING THE TAXABLE YEAR FOR WHICH THE TAX CREDIT IS  
11 CLAIMED;

12 2. 67%, IF THE EVENT REQUIRING RECAPTURE OF THE  
13 CREDIT OCCURS DURING THE FIRST YEAR AFTER THE CLOSE OF THE TAXABLE YEAR  
14 FOR WHICH THE TAX CREDIT IS CLAIMED; OR

15 3. 33%, IF THE EVENT REQUIRING RECAPTURE OF THE  
16 CREDIT OCCURS MORE THAN 1 YEAR BUT NOT MORE THAN 2 YEARS AFTER THE  
17 CLOSE OF THE TAXABLE YEAR FOR WHICH THE TAX CREDIT IS CLAIMED.

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

22 (H) (1) THE DEPARTMENT MAY REVOKE ITS INITIAL OR FINAL  
23 CERTIFICATION OF AN APPROVED CREDIT UNDER THIS SECTION IF ANY  
24 REPRESENTATION MADE IN CONNECTION WITH THE APPLICATION FOR THE  
25 CERTIFICATION IS DETERMINED BY THE DEPARTMENT TO HAVE BEEN FALSE.

26 (2) THE REVOCATION MAY BE IN FULL OR IN PART AS THE  
27 DEPARTMENT MAY DETERMINE AND, SUBJECT TO PARAGRAPH (3) OF THIS  
28 SUBSECTION, SHALL BE COMMUNICATED TO THE QUALIFIED INVESTOR, THE  
29 QUALIFIED MARYLAND COMPANY, AND THE COMPTROLLER.

30 (3) THE QUALIFIED INVESTOR SHALL HAVE AN OPPORTUNITY TO  
31 APPEAL ANY REVOCATION TO THE DEPARTMENT PRIOR TO NOTIFICATION OF THE  
32 COMPTROLLER.

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

10 (K) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ADOPT  
11 REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SECTION AND TO SPECIFY  
12 CRITERIA AND PROCEDURES FOR APPLICATION FOR, APPROVAL OF, AND  
13 MONITORING CONTINUING ELIGIBILITY FOR THE TAX CREDIT UNDER THIS SECTION.

## Chapter 717 of the Acts of 2024

15 SECTION 8. AND BE IT FURTHER ENACTED, That, notwithstanding any other  
16 provision of law, and unless inconsistent with a federal law, grant agreement, or other  
17 federal requirement, or with the terms of a gift or settlement agreement, for fiscal years  
18 2024 through 2028, net interest on all State money allocated by the State Treasurer under  
19 § 6-226 of the State Finance and Procurement Article to special funds or accounts, and  
20 otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall  
21 accrue to the General Fund of the State, with the exception of the following funds:

22 (54) the [Innovation Investment Fund] **ANGEL INVESTOR TAX CREDIT**  
23 **RESERVE FUND;**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
25 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025, but  
26 before January 1, 2030. It shall remain effective for a period of 4 years and, at the end of  
27 June 30, 2030, this Act, with no further action required by the General Assembly, shall be  
28 abrogated and of no further force and effect.