

SENATE BILL 826

Q3

6lr2090
CF 6lr2413

By: **Senator Hester**

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

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.

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)

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

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

Article – Economic Development

2.5–109.

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

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

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

Article – State Finance and Procurement

6–226.

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

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

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

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;

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

3. A FOUNDER OR CURRENT EMPLOYEE OF THE QUALIFIED MARYLAND COMPANY, IF THE COMPANY HAS BEEN IN ACTIVE BUSINESS FOR MORE THAN 7 YEARS.

(7) "QUALIFIED MARYLAND COMPANY" MEANS A COMPANY THAT HAS MET THE CRITERIA IN SUBSECTION (C) OF THIS SECTION.

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

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

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

(2) THE ANGEL INVESTOR TAX CREDIT IS INTENDED TO FOSTER THE GROWTH OF THE STATE'S EMERGENT TECHNOLOGY BY INCENTIVIZING INVESTMENT IN EARLY-STAGE COMPANIES OR SMALL BUSINESSES THAT ARE EXPANDING.

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

(I) THE NUMBER OF COMPANIES DEVELOPING IN MARYLAND;

(II) THE OVERALL INVESTMENTS IN EMERGENT TECHNOLOGIES; AND

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

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

C. A DESCRIPTION OF THE COMPANY'S TECHNOLOGY,
PRODUCT, OR SERVICE;

D. A STATEMENT OF THE POTENTIAL ECONOMIC IMPACT
OF THE COMPANY, INCLUDING THE NUMBER, LOCATION, AND TYPES OF JOBS
EXPECTED TO BE CREATED;

E. A DESCRIPTION OF THE TYPE OF OWNERSHIP TO BE
ISSUED FOR A QUALIFIED INVESTMENT;

F. A STATEMENT OF THE TIMING AND PROJECTED USE
OF A QUALIFIED INVESTMENT; AND

G. ANY OTHER INFORMATION REQUIRED BY THE
DEPARTMENT.

(II) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (III) OF THIS
PARAGRAPH, TO BE APPROVED AS A QUALIFIED MARYLAND COMPANY, THE
COMPANY SHALL PROVIDE EVIDENCE TO THE DEPARTMENT THAT THE COMPANY:

1. HAS ITS HEADQUARTERS AND BASE OF OPERATIONS
IN THE STATE;

2. HAS OPERATED IN THE STATE FOR NOT MORE THAN 7
YEARS;

3. HAS RECEIVED LESS THAN \$2,000,000 IN
INVESTMENTS MADE BY A QUALIFIED INVESTOR;

4. HAD ANNUAL GROSS REVENUES OF LESS THAN
\$20,000,000 IN THE MOST RECENT YEAR OF OPERATION;

5. HAS FEWER THAN 25 FULL-TIME EMPLOYEES;

6. IS PRIMARILY OWNED BY THE MANAGEMENT OF THE
COMPANY AND THEIR FAMILIES;

7. IS IN GOOD STANDING;

8. IS CURRENT IN THE PAYMENT OF ALL TAX
OBLIGATIONS TO THE STATE OR ANY UNIT OR SUBDIVISION OF THE STATE;

1 **9. IS NOT IN DEFAULT UNDER THE TERMS OF ANY**
2 **CONTRACT WITH, INDEBTEDNESS TO, OR GRANT FROM THE STATE OR ANY UNIT OR**
3 **SUBDIVISION OF THE STATE; AND**

4 **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.**

9 **(3) THE DEPARTMENT SHALL ESTABLISH A PROCESS FOR REVIEWING**
10 **AND APPROVING APPLICATIONS UNDER THIS SUBSECTION.**

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**

19 **2. DETERMINE WHETHER A COMPANY QUALIFIES FOR**
20 **INVESTMENTS THAT ARE ELIGIBLE FOR THE TAX CREDIT UNDER THIS SECTION.**

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

23 **(I) 50% OF THE AMOUNT IN THE RESERVE FUND TO QUALIFIED**
24 **INVESTORS THAT INVESTED IN A QUALIFIED MARYLAND COMPANY THAT HAS BEEN**
25 **IN BUSINESS FOR LESS THAN 7 YEARS; AND**

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.**

29 **(3) (I) AFTER THE DATE ON WHICH THE DEPARTMENT ISSUES AN**
30 **INITIAL TAX CREDIT CERTIFICATE UNDER THIS SECTION, A QUALIFIED INVESTOR**

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.**

5 **(3) DURING ANY FISCAL YEAR, THE SECRETARY MAY NOT CERTIFY**
6 **TAX CREDITS FOR INVESTMENTS IN A SINGLE QUALIFIED MARYLAND COMPANY**
7 **THAT IN THE AGGREGATE EXCEED 15% OF THE TOTAL APPROPRIATIONS TO THE**
8 **RESERVE FUND FOR THAT FISCAL YEAR.**

9 **(4) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**
10 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, ANY UNUSED**
11 **CREDIT MAY BE CARRIED FORWARD AND APPLIED FOR SUCCEEDING TAXABLE**
12 **YEARS UNTIL THE EARLIER OF:**

13 **(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.**

19 **(II) THE MONEY IN THE RESERVE FUND SHALL BE INVESTED**
20 **AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL BE**
21 **CREDITED TO THE RESERVE FUND.**

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.**

25 **(2) (I) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE**
26 **SECRETARY SHALL ISSUE AN INITIAL TAX CREDIT CERTIFICATE TO A QUALIFIED**
27 **INVESTOR FOR EACH APPROVED INVESTMENT IN A QUALIFIED MARYLAND**
28 **COMPANY.**

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.**

1 (III) 1. EXCEPT AS OTHERWISE PROVIDED IN THIS
2 SUBPARAGRAPH, FOR ANY FISCAL YEAR, THE SECRETARY MAY NOT ISSUE INITIAL
3 TAX CREDIT CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING
4 MORE THAN THE AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL
5 YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY, AS
6 REDUCED BY THE AMOUNT NEEDED TO PAY THE COSTS OF ADMINISTERING THE TAX
7 CREDIT PROGRAM UNDER THIS SECTION.

8 2. IF THE AGGREGATE CREDIT AMOUNTS UNDER INITIAL
9 TAX CREDIT CERTIFICATES ISSUED IN A FISCAL YEAR TOTAL LESS THAN THE
10 AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL YEAR, ANY
11 EXCESS AMOUNT SHALL REMAIN IN THE RESERVE FUND AND MAY BE ISSUED UNDER
12 INITIAL TAX CREDIT CERTIFICATES FOR THE NEXT FISCAL YEAR.

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

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.

21 (V) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE
22 STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT REDUCE
23 AN APPROPRIATION TO THE RESERVE FUND IN THE STATE BUDGET AS APPROVED
24 BY THE GENERAL ASSEMBLY.

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.

28 (3) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,
29 MONEY APPROPRIATED TO THE RESERVE FUND SHALL REMAIN IN THE RESERVE
30 FUND.

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

1 **A. THE MAXIMUM CREDIT AMOUNT STATED IN THE**
2 **INITIAL TAX CREDIT CERTIFICATE FOR THE INVESTMENT IN THE QUALIFIED**
3 **MARYLAND COMPANY; AND**

4 **B. THE FINAL CERTIFIED CREDIT AMOUNT FOR THE**
5 **INVESTMENT IN THE QUALIFIED MARYLAND COMPANY.**

6 **2. ON NOTIFICATION THAT AN INVESTMENT HAS BEEN**
7 **CERTIFIED, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE**
8 **CREDIT AMOUNT STATED IN THE INITIAL TAX CREDIT CERTIFICATE FOR THE**
9 **INVESTMENT FROM THE RESERVE FUND TO THE GENERAL FUND.**

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.**

14 **2. THE COMPTROLLER SHALL TRANSFER MONEY FROM**
15 **THE RESERVE FUND TO THE DEPARTMENT TO PAY FOR COSTS THAT HAVE BEEN**
16 **INCURRED OR ARE ANTICIPATED TO BE INCURRED IN ADMINISTERING THE TAX**
17 **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**

25 **(II) THE QUALIFIED MARYLAND COMPANY THAT GAVE RISE TO**
26 **THE CREDIT:**

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

29 **2. PAYS OUT AS DIVIDENDS OR OTHERWISE**
30 **DISTRIBUTES THE EQUITY INVESTMENT.**

31 **(2) THE CREDIT CLAIMED UNDER THIS SECTION SHALL BE**
32 **RECAPTURED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION IF, WITHIN 4**
33 **MONTHS OF RECEIVING A QUALIFIED INVESTMENT, A QUALIFIED MARYLAND**

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.

1 **(4) THE COMPTROLLER MAY MAKE AN ASSESSMENT AGAINST THE**
2 **QUALIFIED INVESTOR TO RECAPTURE ANY AMOUNT OF TAX CREDIT THAT THE**
3 **QUALIFIED INVESTOR HAS ALREADY CLAIMED.**

4 **(I) THE DEPARTMENT SHALL CONDUCT OUTREACH ABOUT THE TAX**
5 **CREDIT ESTABLISHED UNDER THIS SECTION TO INCUBATORS, INSTITUTIONS OF**
6 **HIGHER EDUCATION, AND INVESTOR NETWORKS.**

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.**

14 **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.