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To: House Ways and Means Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: HB 936 Delegates Rose, Amprey, Anderton, Buckel, Chisholm, Ciliberti, Griffith, Harrison, Hartman, Hornberger, Howard, Kipke, R. Long, McComas, Miller, T. Morgan, Nawrocki, Otto, Pippy, Rogers, Szeliga, Tomlinson, and Valderrama

Contact Person: Giavante Hawkins, Executive Director

Position: SUPPORT

Income Tax – Credit for Cybersecurity Measures Undertaken by Small Businesses

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP), representing the voices of over 2,000 tax and accounting professional members, supports this bill. As tax and accounting professionals serving over 700,000 Maryland residents, and in an industry that handles sensitive personal data daily, we are acutely aware of the need for cybersecurity.

The cost to have a quality cybersecurity system can be very expensive. Cybersecurity is technical and complicated. While small business owners understand the need for cybersecurity, they do not have the budget nor the technical expertise to implement robust security as larger businesses do. As a result, small businesses are more vulnerable to cyberattacks than large companies.

Small businesses have become the target of cyber criminals because they are less prepared for a cyber-attack. According to Prowriters Insurance, the average cost of a data breach for a small business is \$108,000. That is only the cost in dollars and does not include the cost in time, stress, and damage to the company's reputation.

According to Verizon, 60% of small businesses that suffer a cyber-attack go out of business within six months. For many small businesses, cybersecurity is a "should have but can't afford." The tax incentives in this bill should help with the "can't afford" and put the businesses' cybersecurity needs back into their budget. Small businesses that are protected against cyberattacks will help provide the jobs and revenues for Maryland to attract and retain taxpaying residents. HB936 is good for both small business and the State of Maryland.

We urge a favorable report on HB 936.