

SB 427 – Economic Development - Delivering Economic Competitiveness and Advancing Development Efforts (DECADE) Act
Senate Finance Committee
March 4, 2025
Favorable

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee,

My name is Tasha Cornish, and I am writing on behalf of the Cybersecurity Association, Inc. (CA), a nonprofit 501(c)(6) organization dedicated to strengthening Maryland's cybersecurity industry. Our association represents over 600 businesses ranging from small enterprises to large corporations employing nearly 100,000 Marylanders. We appreciate the opportunity to offer testimony on Senate Bill 427, which seeks to reinvigorate the State's approach to economic development. We support the Bill enthusiastically, and will describe today specifically the importance of modernizing the Buy Maryland Cyber Tax Credit.

Background and Need for Reform

The Buy Maryland Cyber Tax Credit was originally established to encourage small businesses to invest in cybersecurity technologies and services from Maryland-based vendors. However, as outlined in the Department of Legislative Services' December 2023 evaluation, the program has been underutilized due to restrictive eligibility criteria, administrative complexity, and lack of clear intent language.

To maximize the impact of this critical program and ensure its effectiveness, the Cybersecurity Association, in consultation with industry stakeholders, recommends the following legislative improvements:

Specific Changes Proposed in Senate Bill 427

1. **Expansion of Eligibility** – The bill seeks to broaden eligibility for businesses seeking cybersecurity tax credits by removing the employee cap, allowing larger businesses to participate.
2. **Streamlined Administrative Processes** – The qualification process will be simplified to ensure rapid determination of tax credit eligibility for businesses.
3. **Refundable Tax Credits** – SB427 proposes converting the tax credit into a refundable credit, ensuring that businesses without a tax liability can still benefit.
4. **Increased Sales Cap for Sellers** – The maximum revenue threshold for participating sellers will be raised from \$5 million to \$10 million to accommodate more cybersecurity vendors.
5. **Elimination of the Service Cap** – The 25% cap on services will be removed, allowing businesses to fully utilize the tax credit for both cybersecurity products and services.
6. **Removal of Per-Seller Cap** – The bill eliminates the individual cap on sellers, ensuring fair competition and improved access to cybersecurity solutions.
7. **Clarification of Intent Language** – The statute will explicitly define the program's objectives to guide future evaluations and ensure alignment with Maryland's cybersecurity and economic development goals.
8. **Panel Adjustments** – The expert panel requirement will be removed or replaced with an existing advisory entity, such as Cyber MD or the Maryland Cybersecurity Council, to improve oversight.

Why This Matters

Cybersecurity threats continue to pose significant risks to Maryland's businesses, infrastructure, and economy. The Buy Maryland Cyber Tax Credit plays a vital role in equipping businesses with the necessary tools to defend against cyberattacks. However, in its current form, the program is not reaching its full potential. The proposed reforms will modernize the tax credit, making it more accessible and impactful for Maryland's businesses while also supporting the growth of the state's cybersecurity industry.

We urge the General Assembly to adopt these enhancements to ensure Maryland remains a leader in cybersecurity innovation and resilience. We look forward to working collaboratively with legislators, industry stakeholders, and state agencies to refine and implement these critical improvements.

Thank you for your time and consideration. I am happy to answer any questions the committee may have.