

## Testimony in Support of House Bill 1321

Income Tax – Credit for Cybersecurity Measures Undertaken by Small Businesses  
Presented to the House Ways and Means Committee

### Chair Atterbeary, Vice Chair Wilkins, and Members of the Committee:

My name is **Zachary Tomlin**, and I am the **President of Tomlin Technology, Inc.**, a Maryland-based Managed Service Provider dedicated to helping small businesses protect their IT infrastructure from cyber threats. I am writing in strong support of House Bill 1321, which would provide a much-needed tax credit to small businesses for implementing critical cybersecurity measures.

Cyberattacks against small businesses are not just a business problem—they are a community problem. Small businesses are frequently targeted by cybercriminals because they often lack the resources to implement strong security measures. A breach at even a single small business can have a ripple effect across Maryland, exposing sensitive customer data, financial information, and even healthcare records to cybercriminals. When a local business is hacked, it's not just the business owner who suffers—it's the Marylanders who trusted that business with their personal information.

The financial impact of cyberattacks on Maryland is significant and growing. In 2023, Maryland residents reported **\$221.5 million in losses due to cybercrimes**, ranking 14th in the nation for financial losses from such incidents. This marked a substantial increase from previous years, highlighting the escalating costs of cybercrime. Nationally, the average cost of a data breach in 2024 was **\$4.88 million**, a **10% increase** from the prior year. While specific data for Maryland in 2024 is not yet available, the upward trend suggests that cybercrime continues to place a heavy financial burden on businesses, residents, and the state's economy as a whole. Addressing cybersecurity vulnerabilities at the small business level is a critical step in mitigating these losses.

By offering a refundable tax credit to small businesses that invest in cybersecurity, HB 1321 will help protect both business owners and their customers from financial fraud, identity theft, and data breaches. Marylanders regularly interact with small businesses, from medical offices and law firms to retail stores and service providers. Ensuring these businesses have the resources to safeguard sensitive data strengthens overall cybersecurity resilience across the state.

Additionally, cyberattacks can disrupt local economies. When a small business experiences a data breach, recovery costs can force closures, lead to job losses, and reduce consumer confidence. Preventing these attacks before they happen benefits Maryland's economy, workforce, and digital security as a whole.

As an IT professional working directly with small businesses, I see the financial strain cybersecurity investments can place on small business owners. While many recognize the importance of securing their systems, they often struggle to afford the necessary protections. Unfortunately, I have also seen firsthand the damage done when these protections are lacking—particularly to some of our most vulnerable populations, including the elderly and those who lack digital literacy. When small businesses suffer cyberattacks, it is often these individuals who are most at risk of fraud, identity theft, and financial exploitation.

Many vulnerable populations across our state and country struggle with digital literacy, making them prime targets for cybercriminals. This includes:

- **Older adults** who may not be familiar with modern cybersecurity threats and are disproportionately targeted by scams and identity theft.
- **Low-income individuals and families** who often lack access to reliable internet and cybersecurity education.
- **Residents in rural communities** who may have limited broadband access and fewer training opportunities.
- **Individuals with disabilities** who face accessibility challenges in learning digital security practices.
- **Non-English speakers and immigrants** who may struggle to understand cybersecurity warnings and are often targeted by fraudulent schemes.
- **Individuals with lower levels of education** who may not have received formal training in recognizing cyber threats.
- **Children and teenagers** who, while tech-savvy, may lack awareness of online safety and data privacy risks.

When small businesses are left vulnerable to cyberattacks, these populations are among the first to suffer the consequences—whether through financial fraud, data breaches, or exposure to scams. HB 1321 would remove a major financial barrier, encouraging more businesses to adopt best practices in cybersecurity—ultimately making Maryland a safer place to live, work, and do business.

I urge the committee to support and pass HB 1321. This bill is not just about protecting businesses; it is about protecting all Marylanders from the growing threat of cybercrime. Thank you for your time and consideration.

**Sincerely,**

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