

February 20, 2025

Testimony on House Bill 1321
Income Tax - Credit for Cybersecurity Measures Undertaken by Small Businesses
House Way and Means Committee

Position: Favorable

Maryland Nonprofits is a statewide association of over 1800 nonprofit organizations and institutions. We urge you to support House Bill 1321 to provide support for small employers undertaking efforts to improve the cybersecurity of their organizations and operations.

Nonprofits suffered along with the rest of the private sector throughout the pandemic, with disruption of operations, revenue losses, and workforce shortages. Most nonprofits are small employers, the majority with only one staff or only volunteers. Those with more employees often work with no more than 10 to 20. Their financial reserves, in most cases less than adequate before the pandemic, have worsened since, as charitable contributions have been relatively static in recent years. Even in the best of times, their ability to upgrade facilities or invest in newer technologies has been limited by difficulties in borrowing.

The modest tax credits provided in HB 1321, on a refundable basis, would encourage and enable many small nonprofits, very often led by persons of color, to acquire or upgrade their organizations, making activities and often personal information of those they directly serve, more secure from cybercrimes.

We urge a favorable report on House Bill 1321.