

Written Testimony in Support of SB 25 (Buy Maryland Cybersecurity Tax Credit)

TO: Members of the Senate Budget and Taxation Committee

FROM: Michael Cohn, CEO, Summit Business Technologies

DATE: 1/19/2026

RE: SUPPORT for SB 25 – Income Tax - Buy Maryland Cybersecurity Tax Credit

Dear Chair Guzzone and Members of the Committee,

I am writing as a small business in Anne Arundel County to urge a **favorable report on Senate Bill 25**.

Protecting our sensitive business and customer information is a top priority. However, the 3% tech tax creates a financial hurdle when we try to implement highly critical cybersecurity products and services. SB 25 provides an essential solution by designating this credit as the **Buy Maryland Cybersecurity Tax Credit**, designed specifically to help Maryland entities purchase the protections they need from local cybersecurity companies.

Our Specific Challenges: As a small IT services business, we find that customers today care about data protection. Companies that are investing in cybersecurity, especially when supported by state incentives, send a positive signal of trustworthiness. That can help land new clients and retain existing ones.

As you well know cyberattack can:

- shut down operations,
- cost tens or hundreds of thousands in recovery,
- damage reputation, and
- threaten customer data.

By investing in security, companies reduce the risk of disruption and financial loss. The tax credit supports this by making security investments easier to justify and helps alleviate the burden of the 3% tax on technology services

When a state offers incentives like these, it strengthens its position as a place to do business, particularly companies and government contractors that must comply with cybersecurity standards such as CMMC, SOC 2, or NIST. Expanding the tax credit to be refundable also allows nonprofit organizations to participate, increasing the likelihood that these entities can invest in securing their data.

Why SB 25 is Critical for Buyers:

- **New Refundability:** One of the most important changes in this bill is making the credit **refundable**. If the 50% credit exceeds our tax liability, we can receive the excess as a refund, providing immediate liquidity to reinvest in our security.
- **Access to Expertise:** By raising the aggregate credit cap for purchases from a single seller to **\$1,000,000**, the bill ensures that we can engage with high-capacity Maryland cybersecurity firms to solve complex threats.
- **Offsetting Costs:** This credit allows us to claim up to **\$50,000** per year. This directly offsets the costs of the tech tax and allows us to implement NIST-standard cybersecurity services that would otherwise be cost-prohibitive.

This legislation is a win-win: it secures Maryland's small businesses while growing our local cybersecurity industry. I respectfully request a **favorable report** on SB 25.

Sincerely,

Michael L Cohn

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