



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Secretary of Commerce

DATE: January 29, 2026
BILL NO: House Bill 290
BILL TITLE: Income Tax – Cybersecurity Technology and Service Tax Credit - Alterations
COMMITTEE: House Ways and Means
POSITION: Support

The Maryland Department of Commerce (Commerce) supports House Bill 290 – Income Tax – Cybersecurity and Service Tax Credit – Alterations.

Bill Summary:

HB 290 makes several alterations to the Buy Maryland Cybersecurity Tax Credit in order to enhance its effectiveness in growing one of the State’s strategic industries. The legislation alters the program in the following ways:

- Eliminates the limit on the size of company that can be considered a Qualified Buyer for the purpose of the tax credit;
- Increases the limit on annual revenue for a business to be considered a Qualified Seller for the purpose of the tax credit from \$5,000,000 to \$10,000,000;
- Increases the amount of credits that can be claimed by a qualified buyer for purchases from a single qualified seller from \$200,000 to \$1,000,000;
- Eliminates the requirement that 25% of the credit be awarded to qualified buyers that purchase cybersecurity services as opposed to products;
- Makes the tax credit refundable so that program is a useful incentive for nonprofits and business with no tax liability;
- Repeals the requirement for the Department to establish a panel of experts to assist with program administration;
- Officially names the program to be the Buy Maryland Cybersecurity Tax Credit and codifies the intent of the credit; and
- Creates a sunset of the Program to January 1, 2031.

Background:

The Buy Maryland Cybersecurity Tax Credit was established through legislation in 2018 and has had modest success. On average, in each year, 38 buyers are awarded \$444,145 in credits for buying cybersecurity technologies and services from 12 sellers. Utilization has increased in recent years, but over the lifetime of the credit a total of just over \$3,000,000 in tax credits has been awarded despite an annual cap of \$4,000,000.

Rationale:

The intent of the Buy Maryland Cybersecurity Tax Credit, as will be codified through this legislation, is to promote the State’s cybersecurity industry by incentivizing Maryland businesses to purchase cybersecurity products and services from Maryland cyber companies. This has a dual benefit of boosting the cybersecurity companies in the State, and ensuring that Maryland

companies are able to protect important business and customer information. The program was evaluated by the Department of Legislative Services (DLS) in 2023 with a main finding being that the program is underutilized¹.

HB 290 incorporates several recommendations DLS made in their evaluation of the program in order to remove barriers to utilization and increase activity levels in the program. This legislation is the end result of collaborative effort between Commerce and the Cybersecurity Association of Maryland, taking into consideration feedback from many of their members that have participated in the program, as well as the recommendations of DLS and the experience of Commerce staff in administering the program. Implementing the suggested changes will make the current underutilized program a more valuable resource for Maryland's cyber businesses and will ultimately allow more Maryland companies to ensure their data and their customers' data is secure.

Commerce respectfully requests a favorable report on House Bill 290.

¹ [https://dlslibrary.state.md.us/publications/OPA/I/TG1-307\(a\)\(1\).\(CTS\)_2023.pdf](https://dlslibrary.state.md.us/publications/OPA/I/TG1-307(a)(1).(CTS)_2023.pdf)