



Letter of Information

House Bill 400 – Biotechnology Investment Incentive Tax Credit – Conversion to Grant Program

Ways and Means Committee
February 12, 2026

The Comptroller of Maryland is respectfully submitting this letter of information regarding House Bill 400 – Biotechnology Investment Incentive Tax Credit – Conversion to Grant Program. HB400 converts the biotechnology investment incentive tax credit (BIITC) from a refundable tax credit to a grant administered by the Department of Commerce.

Under the current model, the Department of Commerce approves eligible BIITC investors and issues a final credit certificate. The investor then claims a credit against their State income tax in the appropriate amount on their annual tax return, and the Comptroller of Maryland validates the credit claimed matches the party and the amount certified by Commerce and processes the return. To the extent the taxpayer is due a refund, it is issued upon the processing of the annual tax return for the credit certified in the prior year. Converting BIITC to a grant eliminates this second step, allowing investors access to BIITC funds in the year the credit is certified rather than waiting until they file their annual tax return. This also has the potential to free up agency resources, and HB400 is likely to have an indeterminate but positive effect on the Comptroller's operations.

In addition, investing pass-through entities (PTEs), especially those with both resident and nonresident investors, have previously expressed concern that the current model lacks flexibility in terms of distribution of benefits. Converting the tax credit to a grant would allow PTEs to receive BIITC funds at the entity level, which would in turn allow them to redeploy or distribute funds in the manner most beneficial to their members, and in a more timely fashion.

Thank you. If you have any questions, please reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.

