

SENATE BILL 228

Q3

(8lr0828)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by ~~Senator Guzzone~~ Senators Guzzone, Eckardt, Edwards, and Serafini

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Cybersecurity Investment Incentive Tax Credit—Eligibility, Appropriation, and**
3 **~~Sunset Extension~~ Credits**

4 FOR the purpose of altering the eligibility criteria for the cybersecurity investment
5 incentive tax credit to provide the credit to a certain qualified investor in a certain
6 qualified Maryland cybersecurity company rather than providing the credit to the
7 company; altering the definition of “company” to include an entity that becomes duly
8 organized and existing under certain laws and for a certain purpose within a certain
9 time period; altering the definition of “investment” to include certain types of debt;
10 altering the appropriation to a certain special fund the Governor is required to
11 include each fiscal year in the budget bill; providing for the recapture of the credit
12 under certain circumstances; authorizing certain buyers of certain technology to
13 claim a credit against the State income tax for certain costs incurred to purchase
14 certain technology or a certain service; providing that the credit may not exceed
15 certain amounts under certain circumstances; authorizing the Department of

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 Commerce, in consultation with the Maryland Technology Development
 2 Corporation, to establish a certain panel to assist the Department with certain
 3 determinations; authorizing certain qualified buyers to apply for the credit;
 4 requiring a qualified buyer to attach a certain certificate to the qualified buyer's
 5 income tax return; requiring the Secretary of Commerce to approve each application
 6 that qualifies for a credit; providing that for certain taxable years the total amount
 7 of credit certificates issued may not exceed certain amounts; providing for the
 8 revocation and recapture of a credit under certain circumstances; requiring the
 9 Department to make a certain report by a certain date each year; requiring the
 10 Department and the Comptroller jointly to adopt certain regulations; making a
 11 certain cybersecurity incentive tax credit subject to evaluation under the Tax Credit
 12 Evaluation Act on or before a certain date; altering the date for a certain evaluation
 13 of a certain cybersecurity investment incentive tax credit; making conforming
 14 changes; extending the termination date of ~~the~~ a certain credit; providing for the
 15 application of this Act; and generally relating to ~~the~~ cybersecurity investment
 16 incentive tax ~~credit~~ credits.

17 BY repealing and reenacting, with amendments,
 18 Article – Tax – General
 19 Section 1–303(g) and 10–733
 20 Annotated Code of Maryland
 21 (2016 Replacement Volume and 2017 Supplement)

22 BY adding to
 23 Article – Tax – General
 24 Section 1–303(i) and 10–733.1
 25 Annotated Code of Maryland
 26 (2016 Replacement Volume and 2017 Supplement)

27 BY repealing and reenacting, with amendments,
 28 Chapter 390 of the Acts of the General Assembly of 2013
 29 Section 2

30 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 31 That the Laws of Maryland read as follows:

32 **Article – Tax – General**

33 1–303.

34 (g) On or before July 1, 2019, an evaluation shall be made of the tax [credits]
 35 CREDIT under]:

36 (1) § 10–702 of this article (wages paid in a Regional Institution Strategic
 37 Enterprise zone) and § 9–103.1 of the Tax – Property Article (qualified property in a Regional
 38 Institution Strategic Enterprise zone)]; and

1 (2) § 10-733 of this article (cybersecurity investment incentive)].

2 **(1) ON OR BEFORE JULY 1, 2023, AN EVALUATION SHALL BE MADE OF THE**
3 **TAX CREDITS UNDER § 10-733 OF THIS ARTICLE (CYBERSECURITY INVESTMENT**
4 **INCENTIVE) AND § 10-733.1 OF THIS ARTICLE (PURCHASE OF CYBERSECURITY**
5 **TECHNOLOGY OR SERVICE).**

6 10-733.

7 (a) (1) In this section the following words have the meanings indicated.

8 (2) (i) **1.** “Company” means any entity of any form duly organized
9 and existing under the laws of any jurisdiction for the purpose of conducting business for
10 profit.

11 **2.** “COMPANY” INCLUDES AN ENTITY THAT BECOMES
12 **DULY ORGANIZED AND EXISTING UNDER THE LAWS OF ANY JURISDICTION FOR THE**
13 **PURPOSE OF CONDUCTING BUSINESS FOR PROFIT WITHIN 4 MONTHS OF RECEIVING**
14 **A QUALIFIED INVESTMENT.**

15 (ii) “Company” does not include a sole proprietorship.

16 (3) “Cybersecurity company” means a company organized for profit that is
17 engaged primarily in the development of innovative and proprietary cybersecurity
18 technology.

19 (4) “Cybersecurity technology” means products or goods intended to detect
20 or prevent activity intended to result in unauthorized access to, exfiltration of,
21 manipulation of, or impairment to the integrity, confidentiality, or availability of an
22 information system or information stored on or transiting an information system.

23 (5) “Department” means the Department of Commerce.

24 (6) (i) “Investment” means the contribution of money in cash or cash
25 equivalents expressed in United States dollars, at a risk of loss, to a qualified Maryland
26 cybersecurity company in exchange for stock, a partnership or membership interest, or any
27 other ownership interest in the equity of the qualified Maryland cybersecurity company,
28 title to which ownership interest shall vest in the qualified investor.

29 (ii) “Investment” does not include debt **UNLESS IT IS CONVERTIBLE**
30 **DEBT.**

31 (iii) For purposes of this section, an investment is at risk of loss when
32 repayment entirely depends on the success of the business operations of the qualified
33 company.

1 (7) "Panel" means the panel that the Department may establish under
2 subsection (e) of this section composed of experts in the area of cybersecurity technology.

3 (8) (i) "Qualified investor" means any individual or entity that invests
4 at least \$25,000 in a qualified Maryland cybersecurity company and that is required to file
5 an income tax return in any jurisdiction.

6 (ii) "Qualified investor" does not include a qualified pension plan, an
7 individual retirement account, or any other qualified retirement plan under the Employee
8 Retirement Income Security Act of 1974, as amended, or fiduciaries or custodians under
9 such plans, or similar tax-favored plans or entities under the laws of other countries.

10 (9) "Qualified Maryland cybersecurity company" means a cybersecurity
11 company that has met the criteria set forth in subsection [(c)(2)] **(B)(2)** of this section [and
12 been determined under subsection (c)(3)(ii)2 of this section to qualify for the tax credit
13 under this section].

14 (10) "Secretary" means the Secretary of Commerce.

15 (b) (1) Subject to paragraph (2) of this subsection and subsections (d) and (f) of
16 this section, for the taxable year in which an investment in a qualified Maryland
17 cybersecurity company is made, a qualified [Maryland cybersecurity company] **INVESTOR**
18 may claim a credit against the State income tax in an amount equal to the amount of tax
19 credit stated in the final credit certificate approved by the Secretary for the investment as
20 provided under this section.

21 (2) [For purposes of] **TO BE ELIGIBLE FOR** the tax credit described in
22 paragraph (1) of this subsection, the qualified investor:

23 (i) may not, after making the proposed investment, own or control
24 more than 25% of the equity interests in the qualified Maryland cybersecurity company in
25 which the investment is made; and

26 (ii) **AT LEAST 30 DAYS PRIOR TO MAKING AN INVESTMENT IN A**
27 **QUALIFIED MARYLAND CYBERSECURITY COMPANY FOR WHICH THE QUALIFIED**
28 **INVESTOR WOULD BE ELIGIBLE FOR AN INITIAL TAX CREDIT CERTIFICATE UNDER**
29 **THIS SUBSECTION**, shall submit an application to the Department containing the
30 following:

31 1. evidence that the investor is:

32 A. if a company, duly organized and in good standing in the
33 jurisdiction under the laws under which it is organized;

1 B. current in the payment of all tax obligations to a state or
2 any unit or subdivision of a state; and

3 C. not in default under the terms of any contract with,
4 indebtedness to, or grant from a state or any unit or subdivision of a state; [and

5 2. any other information the Department may require.

6 (c) (1) At least 30 days prior to receiving an investment in a qualified
7 Maryland cybersecurity company for which a qualified Maryland cybersecurity company
8 would be eligible for an initial tax credit certificate, the qualified Maryland cybersecurity
9 company shall submit an application to the Department.

10 (2) 2. [The application shall] evidence that the qualified
11 Maryland cybersecurity company has satisfied the following minimum requirements for
12 consideration as a qualified Maryland cybersecurity company:

13 [(i)] A. has its headquarters and base of operations in this State;

14 [(ii)] B. has not participated in the tax credit program under this
15 section for more than 1 prior fiscal year;

16 [(iii)] ~~C.~~ has been in active business no longer than 5 years;]

17 [(iv)] ~~D.~~ C. has an aggregate capitalization of at least \$100,000;

18 [(v)] ~~E.~~ D. owns or has properly licensed any proprietary technology;

19 [(vi)] ~~F.~~ E. has fewer than 50 full-time employees;

20 [(vii)] ~~G.~~ F. does not have its securities publicly traded on any
21 exchange;

22 [(viii)] ~~H.~~ G. is in good standing;

23 [(ix)] ~~I.~~ H. is current in the payment of all tax obligations to the State
24 or any unit or subdivision of the State;

25 [(x)] ~~J.~~ I. is not in default under the terms of any contract with,
26 indebtedness to, or grant from the State or any unit or subdivision of the State; and

27 [(xi)] ~~K.~~ J. meets any other reasonable requirements of the
28 Department evidencing that the company is a going concern primarily engaged in the
29 development of innovative and proprietary cybersecurity technology; AND

1 (2) (i) There is a Maryland Cybersecurity Investment Tax Credit
2 Reserve Fund which is a special continuing, nonlapsing fund that is not subject to § 7-302
3 of the State Finance and Procurement Article.

4 (ii) The money in the Reserve Fund shall be invested and reinvested
5 by the Treasurer, and interest and earnings shall be credited to the General Fund.

6 (iii) The money in the Reserve Fund may be used by the Department
7 to pay the costs of administering the tax credit program under this section.

8 (3) (i) Subject to the provisions of this subsection, the Secretary shall
9 issue an initial tax credit certificate to a qualified [Maryland cybersecurity company]
10 **INVESTOR** for each approved investment in a qualified Maryland cybersecurity company
11 eligible for a tax credit.

12 (ii) An initial tax credit certificate issued under this subsection shall
13 state the maximum amount of tax credit for which the qualified [Maryland cybersecurity
14 company] **INVESTOR** is eligible.

15 (iii) 1. Except as otherwise provided in this subparagraph, for
16 any fiscal year, the Secretary may not issue initial tax credit certificates for credit amounts
17 in the aggregate totaling more than the amount appropriated to the Reserve Fund for that
18 fiscal year in the State budget as approved by the General Assembly, as reduced by the
19 amount needed to pay the costs of administering the tax credit program under this section.

20 2. If the aggregate credit amounts under initial tax credit
21 certificates issued in a fiscal year total less than the amount appropriated to the Reserve
22 Fund for that fiscal year, any excess amount shall remain in the Reserve Fund and may be
23 issued under initial tax credit certificates for the next fiscal year.

24 3. For any fiscal year, if funds are transferred from the
25 Reserve Fund under the authority of any provision of law other than under paragraph (4)
26 of this subsection, the maximum credit amounts in the aggregate for which the Secretary
27 may issue initial tax credit certificates shall be reduced by the amount transferred.

28 (iv) 1. Except as provided in subsubparagraph 2 of this
29 subparagraph, for each fiscal year, the Governor shall include in the budget bill an
30 appropriation of at least ~~[\$2,000,000] \$5,000,000~~ \$3,000,000 to the Reserve Fund.

31 2. In fiscal year 2016, the Governor shall include in the
32 budget bill an appropriation of at least \$1,500,000 to the Reserve Fund.

33 (v) Notwithstanding the provisions of § 7-213 of the State Finance
34 and Procurement Article, the Governor may not reduce an appropriation to the Reserve
35 Fund in the State budget as approved by the General Assembly.

1 (vi) Based on the actual amount of an investment made by a qualified
2 investor, the Secretary shall issue a final tax credit certificate to the qualified [Maryland
3 cybersecurity company] **INVESTOR**.

4 (4) (i) Except as otherwise provided in this paragraph, money
5 appropriated to the Reserve Fund shall remain in the Reserve Fund.

6 (ii) 1. Within 15 days after the end of each calendar quarter, the
7 Department shall notify the Comptroller as to each final credit certificate issued during the
8 quarter:

9 A. the maximum credit amount stated in the initial tax credit
10 certificate for the investment in the qualified Maryland cybersecurity company; and

11 B. the final certified credit amount for the investment in the
12 qualified Maryland cybersecurity company.

13 2. On notification that an investment has been certified, the
14 Comptroller shall transfer an amount equal to the credit amount stated in the initial tax
15 credit certificate for the investment from the Reserve Fund to the General Fund.

16 (iii) 1. Periodically, but not more frequently than quarterly, the
17 Department may submit invoices for costs that have been incurred or are anticipated to be
18 incurred in administering the tax credit program under this section.

19 2. The Comptroller shall transfer money from the Reserve
20 Fund to the Department to pay for costs that have been incurred or are anticipated to be
21 incurred in administering the tax credit program under this section.

22 (g) (1) The credit claimed under this section shall be recaptured as provided
23 in paragraph [(2)] **(3)** of this subsection if within 2 years from the close of the taxable year
24 for which the credit is claimed:

25 (i) the qualified investor sells, transfers, or otherwise disposes of the
26 ownership interest in the qualified Maryland cybersecurity company that gave rise to the
27 credit; or

28 (ii) the qualified Maryland cybersecurity company that [received]
29 **GAVE RISE TO** the credit:

30 1. ceases operating as an active business with its
31 headquarters and base of operations in the State; or

32 2. pays out as dividends or otherwise distributes the equity
33 investment.

1 (i) (1) In accordance with § 2.5–109 of the Economic Development Article, the
2 Department shall submit a report on the initial tax credit certificates awarded under this
3 section for the calendar year.

4 (2) The report required under paragraph (1) of this subsection shall include
5 for each initial tax credit certificate awarded:

6 (i) the name of the qualified investor and the amount of credit
7 awarded or allocated to each qualified [Maryland cybersecurity company] **INVESTOR**;

8 (ii) the name and address of the qualified Maryland cybersecurity
9 company that received **THE INVESTMENT GIVING RISE TO** the credit under this section
10 and the county where the qualified Maryland cybersecurity company is located; and

11 (iii) the dates of receipt and approval by the Department of all
12 applications for initial tax credit certificates.

13 (3) The report required under paragraph (1) of this subsection shall
14 summarize for the categories of qualified investors [and qualified Maryland cybersecurity
15 companies]:

16 (i) the total number of applicants for initial tax credit certificates
17 under this section in each calendar year;

18 (ii) the number of applications for which initial tax credit certificates
19 were issued in each calendar year; and

20 (iii) the total initial tax credit certificates authorized under this
21 section for all calendar years under this section.

22 (j) The Department and the Comptroller jointly shall adopt regulations to carry
23 out the provisions of this section and to specify criteria and procedures for application for,
24 approval of, and monitoring continuing eligibility for the tax credit under this section.

25 **10-733.1.**

26 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
27 **INDICATED.**

28 (2) **“CYBERSECURITY BUSINESS” MEANS AN ENTITY ORGANIZED FOR**
29 **PROFIT THAT IS ENGAGED PRIMARILY IN THE DEVELOPMENT OF INNOVATIVE AND**
30 **PROPRIETARY CYBERSECURITY TECHNOLOGY OR THE PROVISION OF**
31 **CYBERSECURITY SERVICE.**

32 (3) **“CYBERSECURITY SERVICE” MEANS AN ACTIVITY THAT IS**
33 **ASSOCIATED WITH A CATEGORY OR SUBCATEGORY IDENTIFIED UNDER THE**

1 FRAMEWORK CORE ESTABLISHED BY THE NATIONAL INSTITUTE OF STANDARDS
2 AND TECHNOLOGY'S CYBERSECURITY FRAMEWORK.

3 (4) "CYBERSECURITY TECHNOLOGY" MEANS PRODUCTS OR GOODS
4 INTENDED TO DETECT OR PREVENT ACTIVITY INTENDED TO RESULT IN
5 UNAUTHORIZED ACCESS TO, EXFILTRATION OF, MANIPULATION OF, OR IMPAIRMENT
6 TO THE INTEGRITY, CONFIDENTIALITY, OR AVAILABILITY OF AN INFORMATION
7 SYSTEM OR INFORMATION STORED ON OR TRANSITING AN INFORMATION SYSTEM.

8 (5) "DEPARTMENT" MEANS THE DEPARTMENT OF COMMERCE.

9 (6) "PANEL" MEANS THE PANEL THAT THE DEPARTMENT MAY
10 ESTABLISH UNDER SUBSECTION (C) OF THIS SECTION COMPOSED OF EXPERTS IN
11 THE AREAS OF CYBERSECURITY TECHNOLOGY AND CYBERSECURITY SERVICE.

12 (7) "QUALIFIED BUYER" MEANS ANY ENTITY THAT HAS FEWER THAN
13 50 EMPLOYEES IN THE STATE AND THAT IS REQUIRED TO FILE AN INCOME TAX
14 RETURN IN THE STATE.

15 (8) "QUALIFIED SELLER" MEANS A CYBERSECURITY BUSINESS THAT:

16 (I) HAS ITS HEADQUARTERS AND BASE OF OPERATIONS IN THE
17 STATE;

18 (II) 1. HAS LESS THAN \$5,000,000 IN ANNUAL REVENUE;

19 2. IS A MINORITY-OWNED, WOMAN-OWNED,
20 VETERAN-OWNED, OR SERVICE-DISABLED-VETERAN-OWNED BUSINESS; OR

21 3. IS LOCATED IN A HISTORICALLY UNDERUTILIZED
22 BUSINESS ZONE DESIGNATED BY THE UNITED STATES SMALL BUSINESS
23 ADMINISTRATION;

24 (III) 1. OWNS OR HAS PROPERLY LICENSED ANY
25 PROPRIETARY CYBERSECURITY TECHNOLOGY; OR

26 2. PROVIDES A CYBERSECURITY SERVICE;

27 (IV) IS IN GOOD STANDING;

28 (V) IS CURRENT IN THE PAYMENT OF ALL TAX OBLIGATIONS TO
29 THE STATE OR ANY UNIT OR SUBDIVISION OF THE STATE; AND

1 (VI) IS NOT IN DEFAULT UNDER THE TERMS OF ANY CONTRACT
2 WITH, INDEBTEDNESS TO, OR GRANT FROM THE STATE OR ANY UNIT OR
3 SUBDIVISION OF THE STATE.

4 (B) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, A
5 QUALIFIED BUYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN
6 AMOUNT EQUAL TO 50% OF THE COST INCURRED DURING THE TAXABLE YEAR TO
7 PURCHASE CYBERSECURITY TECHNOLOGY OR A CYBERSECURITY SERVICE FROM
8 ONE OR MORE QUALIFIED SELLERS.

9 (2) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
10 SECTION MAY NOT EXCEED \$50,000 FOR EACH QUALIFIED BUYER.

11 (3) FOR ANY TAXABLE YEAR, THE AGGREGATE CREDITS CLAIMED FOR
12 CYBERSECURITY TECHNOLOGY OR CYBERSECURITY SERVICE PURCHASED FROM A
13 SINGLE QUALIFIED SELLER MAY NOT EXCEED \$200,000.

14 (C) (1) THE DEPARTMENT, IN CONSULTATION WITH THE MARYLAND
15 TECHNOLOGY DEVELOPMENT CORPORATION, MAY ESTABLISH A PANEL COMPOSED
16 OF EXPERTS IN THE AREAS OF CYBERSECURITY TECHNOLOGY AND CYBERSECURITY
17 SERVICE.

18 (2) THE DEPARTMENT MAY ESTABLISH THE PANEL UNDER SERVICE
19 CONTRACTS WITH INDEPENDENT REVIEWERS.

20 (3) THE PANEL SHALL ASSIST THE DEPARTMENT IN ITS
21 DETERMINATION AS TO WHETHER A COMPANY IS A QUALIFIED SELLER.

22 (4) A MEMBER OF THE PANEL IS NOT ELIGIBLE TO RECEIVE ANY
23 BENEFIT, DIRECT OR INDIRECT, FROM THE TAX CREDIT UNDER THIS SECTION.

24 (5) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
25 PARAGRAPH, DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE
26 DOES NOT APPLY TO A SERVICE THAT THE DEPARTMENT OBTAINS UNDER THIS
27 SECTION.

28 (II) THE DEPARTMENT IS SUBJECT TO TITLE 12, SUBTITLE 4 OF
29 THE STATE FINANCE AND PROCUREMENT ARTICLE FOR SERVICES THE
30 DEPARTMENT OBTAINS UNDER THIS SECTION.

31 (D) (1) (I) A QUALIFIED BUYER ELIGIBLE FOR THE CREDIT UNDER
32 THIS SECTION MAY APPLY TO THE DEPARTMENT FOR A CREDIT CERTIFICATE THAT
33 STATES THE AMOUNT OF THE CREDIT THE QUALIFIED BUYER MAY CLAIM UNDER
34 SUBSECTION (B) OF THIS SECTION.

1 (II) A QUALIFIED BUYER SHALL ATTACH THE CREDIT
2 CERTIFICATE TO THE INCOME TAX RETURN ON WHICH THE QUALIFIED BUYER
3 CLAIMS THE CREDIT UNDER SUBSECTION (B) OF THIS SECTION.

4 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE
5 SECRETARY OF COMMERCE SHALL APPROVE EACH APPLICATION UNDER
6 PARAGRAPH (1) OF THIS SUBSECTION THAT QUALIFIES FOR A CREDIT CERTIFICATE.

7 (3) (I) THE TOTAL AMOUNT OF THE CREDIT CERTIFICATES
8 APPROVED BY THE SECRETARY OF COMMERCE UNDER THIS SUBSECTION MAY NOT
9 EXCEED:

10 1. FOR TAXABLE YEAR 2018, \$2,000,000; AND

11 ~~2. FOR TAXABLE YEAR 2019, \$4,000,000;~~

12 ~~3. FOR TAXABLE YEAR 2020, \$6,000,000;~~

13 ~~4. FOR TAXABLE YEAR 2021, \$8,000,000; AND~~

14 ~~5. 2. FOR TAXABLE YEAR 2022 2019 AND EACH TAXABLE~~
15 YEAR THEREAFTER, \$10,000,000 \$4,000,000.

16 (II) FOR EACH TAXABLE YEAR, THE SECRETARY OF COMMERCE
17 SHALL AWARD 25% OF THE AMOUNT OF TAX CREDITS AUTHORIZED UNDER
18 SUBPARAGRAPH (I) OF THIS PARAGRAPH TO QUALIFIED BUYERS THAT PURCHASE
19 CYBERSECURITY SERVICES.

20 (E) (1) THE DEPARTMENT MAY REVOKE ITS CERTIFICATION OF A CREDIT
21 UNDER THIS SECTION IF ANY REPRESENTATION MADE IN CONNECTION WITH THE
22 APPLICATION FOR THE CERTIFICATION IS DETERMINED BY THE DEPARTMENT TO
23 HAVE BEEN FALSE.

24 (2) THE REVOCATION MAY BE IN FULL OR IN PART AS THE
25 DEPARTMENT MAY DETERMINE AND, SUBJECT TO PARAGRAPH (3) OF THIS
26 SUBSECTION, SHALL BE COMMUNICATED TO THE QUALIFIED BUYER AND THE
27 COMPTRROLLER.

28 (3) THE QUALIFIED BUYER SHALL HAVE AN OPPORTUNITY TO APPEAL
29 ANY REVOCATION TO THE DEPARTMENT BEFORE NOTIFICATION OF THE
30 COMPTRROLLER.

1 **(4) THE COMPTROLLER MAY MAKE AN ASSESSMENT AGAINST THE**
2 **QUALIFIED BUYER TO RECAPTURE ANY AMOUNT OF TAX CREDIT THAT THE**
3 **QUALIFIED BUYER HAS ALREADY CLAIMED.**

4 **(F) (1) IN ACCORDANCE WITH § 2.5-109 OF THE ECONOMIC**
5 **DEVELOPMENT ARTICLE, THE DEPARTMENT SHALL SUBMIT A REPORT ON THE**
6 **CREDIT CERTIFICATES AWARDED UNDER THIS SECTION FOR THE CALENDAR YEAR.**

7 **(2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS**
8 **SUBSECTION SHALL INCLUDE FOR EACH CREDIT CERTIFICATE AWARDED:**

9 **(I) THE NAMES OF THE QUALIFIED BUYER AND THE QUALIFIED**
10 **SELLER AND THE AMOUNT OF THE CREDIT CERTIFICATE APPROVED FOR EACH**
11 **QUALIFIED BUYER;**

12 **(II) THE NAME AND ADDRESS OF THE QUALIFIED BUYER THAT**
13 **RECEIVED THE CREDIT UNDER THIS SECTION AND THE COUNTY WHERE THE**
14 **QUALIFIED BUYER IS LOCATED; AND**

15 **(III) THE DATES OF RECEIPT AND APPROVAL BY THE**
16 **DEPARTMENT OF ALL APPLICATIONS FOR CREDIT CERTIFICATES.**

17 **(3) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS**
18 **SUBSECTION SHALL SUMMARIZE FOR THE CATEGORIES OF QUALIFIED BUYERS:**

19 **(I) THE TOTAL NUMBER OF APPLICANTS FOR CREDIT**
20 **CERTIFICATES UNDER THIS SECTION IN EACH CALENDAR YEAR;**

21 **(II) THE NUMBER OF APPLICATIONS FOR WHICH CREDIT**
22 **CERTIFICATES WERE ISSUED IN EACH CALENDAR YEAR; AND**

23 **(III) THE TOTAL AMOUNT OF CREDIT CERTIFICATES**
24 **AUTHORIZED UNDER THIS SECTION FOR ALL CALENDAR YEARS UNDER THIS**
25 **SECTION.**

26 **(G) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ADOPT**
27 **REGULATIONS TO CARRY OUT THIS SECTION AND TO SPECIFY CRITERIA AND**
28 **PROCEDURES FOR APPLICATION FOR, APPROVAL OF, AND MONITORING**
29 **CONTINUING ELIGIBILITY FOR THE TAX CREDIT UNDER THIS SECTION.**

30 **Chapter 390 of the Acts of 2013**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2013, and shall be applicable to all taxable years beginning after December 31, 2013, but

1 before January 1, [2019] **2023**. This Act shall remain effective for a period of [6] **10** years
2 and, at the end of June 30, [2019] **2023**, with no further action required by the General
3 Assembly, this Act shall be abrogated and of no further force and effect.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
5 1, 2018, and shall be applicable to all initial tax credit certificates issued after June 30,
6 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.