

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.