

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**

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

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

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

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

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

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

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

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

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

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

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

2. PROVIDES A CYBERSECURITY SERVICE;

(IV) IS IN GOOD STANDING;

(V) IS CURRENT IN THE PAYMENT OF ALL TAX OBLIGATIONS TO  
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 COMPTROLLER.

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

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:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.