

Bill No. 23-19
Concerning: Cybersecurity Investment
Incentive Tax Credit Supplement-
Amendments
Revised: 06/18/2019 Draft No. 1
Introduced: July 16, 2019
Enacted: October 1, 2019
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmembers Riemer, Friedson and Jawando

AN ACT to:

- (1) allow a qualified investor to receive the cybersecurity investment incentive tax credit supplement; and
- (2) generally amend the law related to the cybersecurity investment incentive tax credit supplement.

By amending

Montgomery County Code
Chapter 20, Finance
Section 20-76D

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec 1. Section 20-76D is amended as follows:**

2 **20-76D. Cybersecurity Investment Incentive Tax Credit Supplement.**

3 (a) The Director of Finance must pay, subject to appropriation, a
 4 Cybersecurity Investment Incentive Tax Credit Supplement to each
 5 [Cybersecurity Company] Qualified Investor who meets certain
 6 eligibility standards.

7 (b) [A Cybersecurity Company] An individual or entity is a Qualified
 8 Investor eligible to receive the Supplement if:

9 (1) the [Company] individual or entity has been designated as a
 10 qualified [Cybersecurity Company] investor under state law and
 11 has received a final tax credit certificate for the Maryland
 12 cybersecurity investment incentive tax credit for the preceding
 13 calendar year; and

14 (2) the tax credit received by the [Cybersecurity Company] individual
 15 or entity was generated by an investment in a qualified Maryland
 16 cybersecurity company, as defined in state law, that has its
 17 headquarters and base of operations in the County.

18 (c) The County Executive, by regulations issued under Method (1), may
 19 impose other eligibility standards. However, those standards must not
 20 make any [Cybersecurity Company] Qualified Investor ineligible to
 21 receive the Supplement who would be eligible under subsection (b).

22 (d) (1) The Supplement paid to each [eligible Cybersecurity Company]
 23 Qualified Investor must equal the product of:

24 (A) the amount of the credit the [Company] Qualified Investor
 25 received under the State Cybersecurity Investment Tax
 26 Credit Program, divided by the total amount of credits all
 27 Montgomery County [cybersecurity companies] individuals

28 and entities received under the State Cybersecurity
 29 Investment Tax Credit Program during the preceding
 30 calendar year; and

31 (B) the total amount of funds appropriated to the Supplement
 32 Program for that fiscal year.

33 (2) The Supplement paid to any [Cybersecurity Company] Qualified
 34 Investor must not exceed:

35 (A) 50% of the State tax credit that the [Company] individual or
 36 entity receives from the Maryland Cybersecurity
 37 Investment Tax Credit Program in the preceding calendar
 38 year; or

39 (B) 15% of the total annual appropriation for the Supplement
 40 program.

41 (e) The Director of Finance must request from the Comptroller of the
 42 Treasury and [Department of Business and Economic Development]
 43 Maryland Department of Commerce, by April 30 of each year, a list of
 44 each [Cybersecurity Company,] qualified investor who:

45 (1) invested in a qualified Maryland cybersecurity company
 46 headquartered and based in Montgomery County [that]; and

47 (2) was issued a final credit certificate by the State during the
 48 preceding calendar year.

49 [The Executive may issue regulations under Method (1) to implement this
 50 Section.]

51 (f) If the Comptroller of the Treasury agrees, the Director of Finance may
 52 arrange for the Comptroller to pay the Supplement on behalf of the
 53 County. To the extent that the Comptroller does not pay the supplement,
 54 the Director must pay the supplement within 60 days after receiving this

55 list to each [qualified Cybersecurity Company that was issued a final
56 credit certificate from the State] Qualified Investor.

57 (g) [A Cybersecurity Company] An individual or entity who submits a false
58 or fraudulent application, or withholds material information, to obtain a
59 payment under this Section has committed a Class A violation. In
60 addition, the [Cybersecurity Company] individual or entity must repay
61 the County for all amounts improperly paid and all accrued interest and
62 penalties that would apply to those amounts as if they were overdue taxes.
63 [A Cybersecurity Company] An individual or entity who violates this
64 Section is liable for all court costs and expenses of the County in any civil
65 action brought by the County to recover any payment, interest, or penalty.
66 The County may collect any amount due, and otherwise enforce this
67 Section, by any appropriate legal action.

68 (h) If all or part of the allowed state tax credit is recaptured under the
69 applicable state law, the [Cybersecurity Company] Qualified Investor
70 must repay the County within 60 days the portion of any Supplement paid
71 by the County that was based on the recaptured credit.

72 (i) The Executive may issue regulations under Method (1) to implement this
73 Section.

Approved:



Nancy Navarro, President, County Council

10/1/19

Date

Approved:

Marc Elrich, County Executive

Date

This is a correct copy of Council action.

Mary Anne Paradise, Acting Clerk of the Council

Date