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

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   <u>and</u> <u>entities</u> 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] <u>Qualified</u>

34   <u>Investor</u> must not exceed:

35   (A)   50% of the State tax credit that the [Company] <u>individual</u> <u>or</u>

36   <u>entity</u> 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   <u>Maryland</u> <u>Department</u> <u>of</u> <u>Commerce</u>, by April 30 of each year, a list of

44   each [Cybersecurity Company,] <u>qualified</u> <u>investor</u> <u>who:</u>

45   <u>(1)</u>   <u>invested</u> <u>in</u> <u>a</u> <u>qualified</u> <u>Maryland</u> <u>cybersecurity</u> <u>company</u>

46   headquartered and based in Montgomery County [that]<u>;</u> <u>and</u>

47   <u>(2)</u>   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**]** <u>Qualified</u> <u>Investor</u>.

57   (g)   **[**A Cybersecurity Company**]** <u>An</u> <u>individual</u> <u>or</u> <u>entity</u> 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**]** <u>individual</u> <u>or</u> <u>entity</u> 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**]** <u>An</u> <u>individual</u> <u>or</u> <u>entity</u> 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**]** <u>Qualified</u> <u>Investor</u>

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   <u>(i)</u>   <u>The</u> <u>Executive</u> <u>may</u> <u>issue</u> <u>regulations</u> <u>under</u> <u>Method (1)</u> <u>to</u> <u>implement</u> <u>this</u>

73   <u>Section.</u>

Approved:

_____
Nancy Navarro, President, County Council

Approved:

_____
Marc Elrich, County Executive

This is a correct copy of Council action.

_____
Mary Anne Paradise, Acting Clerk of the Council

10/1/19
Date

10/9/9
Date

10/9/19
Date