

PROPOSED

COUNTY COUNCIL OF ANNE ARUNDEL COUNTY, MARYLAND

Legislative Session 2017, Legislative Day No. 8

Bill No. 35-17

Introduced by Mr. Smith

By the County Council, April 17, 2017

Introduced and first read on April 17, 2017
Public Hearing set for June 5, 2017
Bill Expires July 21, 2017

By Order: JoAnne Gray, Administrative Officer

A BILL ENTITLED

1 AN ORDINANCE concerning: Income Tax – Cybersecurity Investment Incentive Tax
2 Credit Supplement

3
4 FOR the purpose of defining “cybersecurity company”; establishing an income tax credit
5 supplement for certain cybersecurity companies; establishing eligibility for the credit;
6 providing for calculation of the credit; providing for payment of the credit; providing
7 a penalty for fraudulent applications; establishing recapture procedures; establishing a
8 termination date for the credit; and generally related to income taxes.

9
10 BY adding: § 4-4-102
11 Anne Arundel County Code (2005, as amended)

12
13 SECTION 1. *Be it enacted by the County Council of Anne Arundel County,*
14 *Maryland,* That Section(s) of the Anne Arundel County Code (2005, as amended) read as
15 follows:

16 17 **ARTICLE 4. FINANCE, TAXATION, AND BUDGET**

18 19 **TITLE 4. INCOME TAXES**

20 21 **4-4-102. Cybersecurity Investment Incentive Tax Credit Supplement.**

22 23 **(A) Definitions. The following words have the meanings indicated:**

24
25 (1) “CYBERSECURITY COMPANY” HAS THE MEANING FOUND IN THE TAX-
26 GENERAL ARTICLE, § 10-733, OF THE STATE CODE.

EXPLANATION: CAPITALS indicate new matter added to existing law.
[Brackets] indicate matter stricken from existing law.

1 **(B) Cybersecurity Investment Incentive Tax Credit Supplement.** SUBJECT TO
2 APPROPRIATION, THERE IS A CYBERSECURITY INVESTMENT INCENTIVE TAX CREDIT
3 SUPPLEMENT TO EACH ELIGIBLE CYBERSECURITY COMPANY.
4

5 **(C) Eligibility.** A CYBERSECURITY COMPANY IS ELIGIBLE TO RECEIVE THE CREDIT
6 SUPPLEMENT IF:
7

8 (1) THE COMPANY HAS BEEN DESIGNATED AS A QUALIFIED CYBERSECURITY
9 COMPANY UNDER STATE LAW AND HAS RECEIVED A FINAL TAX CREDIT CERTIFICATE
10 FOR THE MARYLAND CYBERSECURITY INVESTMENT INCENTIVE TAX CREDIT FOR THE
11 PRECEDING CALENDAR YEAR; AND
12

13 (2) THE TAX CREDIT RECEIVED BY THE CYBERSECURITY COMPANY WAS
14 GENERATED BY AN INVESTMENT IN A QUALIFIED MARYLAND CYBERSECURITY
15 COMPANY THAT HAS ITS HEADQUARTERS AND BASE OF OPERATIONS IN THE COUNTY.
16

17 **(D) Calculation.**
18

19 (1) THE INCOME TAX SUPPLEMENT PAID TO EACH ELIGIBLE CYBERSECURITY
20 COMPANY SHALL EQUAL THE PRODUCT OF THE AMOUNT OF THE CREDIT THE COMPANY
21 RECEIVED UNDER THE STATE CYBERSECURITY INVESTMENT TAX CREDIT PROGRAM,
22 DIVIDED BY THE TOTAL AMOUNT OF CREDITS ALL ANNE ARUNDEL COUNTY
23 CYBERSECURITY COMPANIES RECEIVED UNDER THE STATE CYBERSECURITY
24 INVESTMENT TAX CREDIT PROGRAM DURING THE PRECEDING CALENDAR YEAR, AND
25 THE TOTAL AMOUNT OF FUNDS APPROPRIATED TO THE SUPPLEMENT PROGRAM FOR
26 THAT FISCAL YEAR.
27

28 (2) THE SUPPLEMENT PAID TO ANY CYBERSECURITY COMPANY MAY NOT
29 EXCEED 50% OF THE STATE TAX CREDIT THAT THE COMPANY RECEIVES FROM THE
30 MARYLAND CYBERSECURITY INVESTMENT TAX CREDIT PROGRAM IN THE PRECEDING
31 CALENDAR YEAR, OR 15% OF THE TOTAL ANNUAL APPROPRIATION FOR THE
32 SUPPLEMENT PROGRAM.
33

34 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
35 EXCEEDS THE AMOUNT OF COUNTY INCOME TAX FOR THAT TAXABLE YEAR, THE
36 INDIVIDUAL OR CORPORATION MAY NOT CLAIM A REFUND IN THE AMOUNT OF THE
37 EXCESS.
38

39 **(E) Procedure for Payment of Credit.**
40

41 (1) THE CONTROLLER SHALL REQUEST FROM THE COMPTROLLER OF THE
42 TREASURY AND THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT, BY
43 APRIL 30 OF EACH YEAR, A LIST OF EACH CYBERSECURITY COMPANY, HEADQUARTERED
44 AND BASED IN ANNE ARUNDEL COUNTY THAT WAS ISSUED A FINAL CREDIT
45 CERTIFICATE BY THE STATE DURING THE PRECEDING CALENDAR YEAR.
46

47 (2) IF THE COMPTROLLER OF THE TREASURY AGREES, THE CONTROLLER MAY
48 ARRANGE FOR THE COMPTROLLER TO PAY THE SUPPLEMENT ON BEHALF OF THE
49 COUNTY. IF THE STATE COMPTROLLER DOES NOT PAY ALL OR PART OF THE SUPPLEMENT
50 ON BEHALF OF THE COUNTY, THE CONTROLLER SHALL PAY THE SUPPLEMENT DUE TO
51 EACH QUALIFIED CYBERSECURITY COMPANY THAT WAS ISSUED A FINAL CREDIT
52 CERTIFICATE FROM THE STATE WITHIN 60 DAYS OF RECEIVING THE LIST OF QUALIFIED
53 COMPANIES.

1 (F) **False or incomplete application.** A CYBERSECURITY COMPANY WHO SUBMITS A
2 FALSE OR FRAUDULENT APPLICATION, OR WITHHOLDS MATERIAL INFORMATION, TO
3 OBTAIN A PAYMENT UNDER THIS SECTION HAS COMMITTED A CLASS A VIOLATION
4 UNDER SECTION 9-2-101 OF THIS CODE. IN ADDITION, THE CYBERSECURITY COMPANY
5 SHALL REPAY THE COUNTY FOR ALL AMOUNTS IMPROPERLY PAID AND ALL ACCRUED
6 INTEREST AND PENALTIES THAT WOULD APPLY TO THOSE AMOUNTS AS IF THEY WERE
7 OVERDUE TAXES. A CYBERSECURITY COMPANY WHO VIOLATES THIS SECTION IS LIABLE
8 FOR ALL COURT COSTS AND EXPENSES OF THE COUNTY IN ANY CIVIL ACTION BROUGHT
9 BY THE COUNTY TO RECOVER ANY PAYMENT, INTEREST, OR PENALTY. THE COUNTY
10 MAY COLLECT ANY AMOUNT DUE, AND OTHERWISE ENFORCE THIS SECTION, BY ANY
11 APPROPRIATE LEGAL ACTION.
12

13 (G) **Recapture.** IF ALL OR PART OF THE ALLOWED STATE TAX CREDIT IS
14 RECAPTURED UNDER THE APPLICABLE STATE LAW, THE CYBERSECURITY COMPANY
15 SHALL REPAY THE COUNTY WITHIN 60 DAYS THE PORTION OF ANY SUPPLEMENT PAID BY
16 THE COUNTY THAT WAS BASED ON THE RECAPTURED CREDIT.
17

18 SECTION 2. *And be it further enacted,* That the provisions of this Ordinance shall
19 remain in effect from the date this Ordinance becomes effective and through June 30,
20 2019, after which it shall stand repealed and with no further action required by the
21 County Council, be of no further force and effect.
22

23 SECTION 3. *And be it further enacted,* That this Ordinance shall take effect 45 days
24 from the date it is enacted.