



**TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE**

**HOUSE BILL 1284 – INCOME TAX – CREDIT FOR CYBERSECURITY MEASURES  
UNDERTAKEN BY SMALL BUSINESSES**

**Sponsor: Delegates Rose, et al**

**March 9, 2022**

**DONALD C. FRY  
PRESIDENT & CEO  
GREATER BALTIMORE COMMITTEE**

**Position: Support**

The Greater Baltimore Committee (GBC) supports House Bill 1284, which would allow small businesses to claim a credit against the state income tax for costs incurred related to certain cybersecurity measures. Under this legislation, small businesses can claim \$1,000 for the implementation of recommendations made by an initial cybersecurity risk assessment and up to \$500 for antivirus software, multifactor authentication, and data encryption.

The COVID-19 pandemic continues to ravage the economy and small businesses are still struggling from worker retention concerns, supply chain issues, depressed markets, and a host of other issues. In addition, there are mounting concerns over small businesses' susceptibility to cyber-attacks. According to the U.S. Small Business Administration Business Guide, the cost of cybercrimes reached \$2.7 billion in 2020 alone. Small businesses are attractive targets because they have information that cybercriminals want, and they typically lack the security infrastructure of larger businesses. According to a recent survey, 88% of small business owners felt their business was vulnerable to a cyber-attack. Yet many small businesses can't afford professional IT solutions.

The GBC supports House Bill 1284 because it provides small businesses with financial assistance to protect themselves and their customers from cybercriminals. Allowing them to take a tax credit for implementing the recommendations from an initial risk assessment empowers small business owners to seek out the best cybersecurity practices for their business and execute them. Additional reimbursement for antivirus software, authentication, and data encryption incentivizes small business owners to take extra precautions in securing their customers' information.

This bill is consistent with a key tenet in *Gaining a Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth.

**Strategic and effective state investments in business growth.** *The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.*

**For these reasons, the Greater Baltimore Committee urges a favorable report on House Bill 1284.**

*The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 67-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.*

**GREATER BALTIMORE COMMITTEE**

111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180

(410) 727-2820 • [www.gbc.org](http://www.gbc.org)