



March 24, 2023

House Ways and Means Committee
The Honorable Vanessa Atterbeary
131 House Office Building
Annapolis, Maryland 21401

RE: Support Senate Bill 721 – Income Tax – Credit for Federal Security Clearance Costs – Extension

Senate Bill 721 reauthorizes the employer security clearance costs tax credit, from tax year 2023 through tax year 2027, for an individual or corporation with up to 500 employees. This bill if passed will take effect July 1, 2023. This tax credit provides three ways for companies to receive a credit.

1. Credit towards administrative expenses related to obtaining and maintaining employee security clearances.
2. Credit towards the cost of constructing or renovating a SCIF (sensitive compartmented information facility) and
3. Credit towards the first-year leasing costs for small business doing security-based contract work.

As a small business owner, the extension of Bill 721, is vital in assisting my Company with the tax credits related to obtaining and maintaining employee security clearances and a SCIF. The lack of this tax credit in Bill 721 could cause my company to reevaluate the projects that we can try to procure, downsize the department that handles processing security clearances, delaying the processing of the security clearances, delaying the ability to begin a contract, causing additional out of pocket cost to my company.

Senate Bill 721 is vital to all small businesses, that must obtain security clearances for their employees. Small businesses rely on tax credits to build their business to one day be able to sustain this cost without assistance, however, it takes many years to obtain this type of financial ability. With out Bill 721 some of these small businesses may not be able to continue the path of obtaining security clearances. Therefore, they will need to reevaluate the projects they can procure. By passing Bill 721 it will allow the small business to compete with the larger companies that try to procure the same projects. If Bill 721 is not passed, this will also impact the State of Maryland, by limiting the contractors that will be able to bid on State projects, due to the lack of tax credits to assist a small business.

As one of many small businesses any tax break helps us maintain quality employees and offer job security allowing their families to flourish in Baltimore County. Small businesses struggle in today's economy and every tax benefit being graciously offered, only help's the small businesses compete in a market that is dominated by many larger firms.

We ask that Senate Bill 721 be passed to continue to assist the small businesses.

Sincerely,

Eugene Welch, President

**3211 Hammonds Ferry Road
Baltimore, Maryland 21227
(410)-536-9003 Fax (410)-536-4941**