



House Bill 364

CyberMaryland Act of 2018

MACo Position: **SUPPORT**
WITH AMENDMENTS

Date: February 21, 2018

To: Ways & Means Committee

From: Barbara Zektick

The Maryland Association of Counties (MACo) **SUPPORTS HB 364 WITH AMENDMENTS**. This bill allows specified tax benefits for Maryland-based cybersecurity companies, including a subtraction modification from state and local income taxes for capital gains income realized from the sale or other transfer of an investment in certain cybersecurity companies.

MACo has no quarrel with the State offering tax incentives to businesses it chooses to incentivize, but is concerned with the carryover county fiscal effects of this and other subtraction modification pieces of legislation. Counties would prefer approaches that provide local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources.

This is just one of many bills that have been introduced this session to reduce or adjust the income taxes paid by residents of Maryland. The revenue effect of this bill, combined with that of other bills already introduced this session, simply cannot be afforded as a statewide county mandate and could present substantial budget difficulties. This is exacerbated by the fact that counties do not know yet just how tax reform will affect their revenues.

MACo requests an amendment to delete the subtraction modification portion of the bill and instead focus on providing the proposed state tax credit, which does not mandate the depletion of resources from all counties for education, public safety, and community services.

Counties welcome the chance to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input. For these reasons, MACo urges the Committee to **support HB 364 with the requested amendment**.