



Meeting Minutes
Subcommittee on Economic Development
March 12, 2019
11:00 pm – 1:15 pm
College Park Marriott Hotel and Conference Center at UMUC
Room 3114
3501 University Boulevard East
Hyattsville, Maryland

Attendance

Subcommittee members attending: Bel Leong-Hong (Chair), Brian Israel, Mathew Lee, Ken McCreedy, and Steve Tiller. Christine Ross submitted thoughts on the agenda items in advance since she could not attend. (Attendance: 5/12, the seat of the Tech Council of Maryland temporarily vacant).

Staff attending: Howard Barr (Assistant Attorney General and Chief Counsel, DoIT), Derek Chung (Kai Global), Dr. Greg von Lehmen (Staff, Maryland Cybersecurity Council).

Meeting Summary:

1. Welcome by Bel Leong-Hong. The chair opened the meeting by identifying its objective: to identify recommendations that the committee can recommend to the full Council for inclusion in the July 2019 Activities Report.
2. Draft Minutes for the September 6, 2018, meeting. One amendment was requested to the minutes (correction of a numerical error on page 1). On a motion duly made and seconded, the minutes were approved as amended.
3. New business
 - a. To inform the committee's discussion, Ken McCreedy provided an overview of various state initiatives intended to support the cyber sector of the state's economy
 - i. Buy Maryland (2018, SB 228). The data to date indicate that cyber service companies are the biggest beneficiaries of the 2018 law. It appears to be the case that cyber product firms want to sell to companies larger than what the statute currently authorizes for the income tax break. The current law permits the credit for firms that have less than \$5 million in revenues.
 - ii. The investor tax credit (2018, SB 228). The new law has attracted attention. Investors are filing for the credit. The largest number of claimants are connected with the life sciences. Cyber investors seem less

aware. The burden of preparing the documentation for the investor credit of course falls on the staff of the small firms themselves.

iii. Information sharing. Commerce has led an effort to include concise self-help cybersecurity information on the Business Express page of the State Department of Assessments and Taxation (“Securing Your Business”). The site would also include information provided by MEMA that is important to business continuity.

iv. Apprenticeship program. The purpose of the program is to add another arm to workforce development in cybersecurity and other fields. There are three approved apprenticeship centers in Baltimore. The state will pay up to \$4,500 per apprentice per year up to \$40,000 per firm. Tax credits are also available to qualifying firms. Apprenticeships last two years. (<https://www.dllr.state.md.us/employment/appr/apprbecomesponsor.shtml>)

v. Maryland Technology Internship Program (MTIP). To encourage students to take technical internships in firms and to encourage firms to offer such internships, the state program defrays the cost to firms of the wages paid. Specifically, the state will pay up to 50% of the interns wages up to \$3,000 annually. See: <https://mtip.umbc.edu/employers/>

vi. RSA. The state staged several excellent events that included 15-20 West Coast investors. These included the Tuesday morning breakfast with speaker Rob Joyce of the NSA; Bwtech’s International Pitch (10 companies from abroad); and individual meetings with representatives from Belgium and Northern Ireland.

b. The committee then turned to a discussion of possible recommendations for inclusion in the 2019 Activities Report:

i. Raising the cap for employer reimbursement of wages paid to technical interns and apprentices in cybersecurity to a level approaching a greater percentage of the actual wage paid.

ii. Scholarship forgiveness program for cybersecurity graduates that remain in state for some stipulated number of years. This would mirror the program currently offered to life science graduates.

iii. For qualifying cybersecurity product start-ups, an R/D tax credit against employer-paid state and local taxes and filing fees.

iv. Tax credit analysis that would entail the following:

- ✓ Identification of all relevant, existing tax credits in Maryland that can facilitate economic development and growth for the cyber sector in Maryland

- ✓ Coordination with the Maryland Department of Commerce in a comprehensive review of those existing tax credits relative to:
 - Potential consolidation of existing tax credit
 - Potential for establishment of realistic new options and alternatives
 - Elimination of redundant or obsolete credits
 - Streamlining the process and overall efficiency of business' ability to apply for and receive available tax credits
 - Extensions of relevant existing tax credits to provide longer-planned availability
 - Realistic increases in available funds of relevant existing tax credits

The committee concluded by discussion various legislator outreach and education initiatives that may be related to the foregoing. It was noted that various groups in the state already do this. Moreover, to the extent that the agenda of the Council and these groups overlap, the Council does offer its support to those initiatives.

Miscellaneous.

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Ken McCreedy indicated that he would provide more information about the state's apprenticeship and tech internship programs. The chair asked that a renewed effort be made to fill the vacant seat of the Tech Council.

Meeting adjourned at 1:15 pm.