



Meeting Minutes

Subcommittee on Economic Development

June 11, 2018

11:00 am – 1:00 pm

College Park Marriott Hotel and Conference Center (Room 1312) at UMUC
3501 University Boulevard East
Hyattsville, Maryland 20783

Attendance

Subcommittee members attending: Bel Leong-Hong (Chair), Tami Howie, Stacey Smith, Christine Ross, Brian Israel, Mark Miraglia (for Ken McCreedy), and Mathew Lee. (Quorum: Yes (7/13))

Staff attending: Howard Barr (Assistant Attorney General and Chief Counsel, DoIT), Linda Wilke (NSA Fellow, Maryland Department of Commerce), Derek Chung (KaiGlobal), Dr. Greg von Lehmen (Staff, Maryland Cybersecurity Council).

Meeting Summary:

1. Welcome by Bel Leong-Hong. Chair remarked that this has been a very successful legislative session from the perspective of our Subcommittee. We had direct interest and input in four of the bills that were passed this legislative session that will have direct positive impact on our cybersecurity business community. Passage of SB 228 is particularly important to us, since this was one bill which directly addresses core elements of the mission of our Subcommittee.
2. Overview of 2018 legislative session:
 - The subcommittee reviewed successful bills related to the Council’s recommendations: SB 228 (Cybersecurity Investment Tax Credit), SB 202/HB 710 (Credit Report Security Freezes), SB 204 (Maryland Cybersecurity Scholarship for Service Program), and HB 281 (Securing the Future: Cybersecurity Education for All).
 - In regard to SB 228, the subcommittee was reminded a) that the bill has *three* components covering convertible debt and the ‘buy Maryland’ tax incentive in addition to the investor tax credit (both of which were initiatives that our subcommittee directly introduced), and b) that the bill is structured so that 75% of the tax credits shall be awarded for purchase of cyber products to encourage development of IP. It was noted that the ‘buy Maryland’ tax credit was a matter of great interest at a US Senate Committee hearing and that the new provision should be better advertised. The Commerce Department is currently developing the process for implementing the certification requirements for the ‘buy Maryland’ tax credit.
3. Updates since the December 2017 meeting on other initiatives that Subcommittee members are leading:

- Security clearances. The subcommittee believes that internships and apprenticeships could be a ramp for students to start the clearance process before hiring into a full-time position. This is a difficult issue at the federal level but efforts to engage policymakers continue.
- Tax credit to encourage apprenticeships and internships in cybersecurity. As a step in the direction of supporting these experiences, the General Assembly passed HB 527 in the 2018 session. The bill authorizes state funding support for internships in “technology-based” businesses and for internships in state and local government that are “technology based”. In the last session, SB 517 (Career Apprenticeship Investment Act) would have provided state funding support for apprenticeships in workforce shortage areas, including cybersecurity, but did not pass.

4. Discussion of proposals and new projects with a view to have these proposals for the 2019 legislative session. At the meeting, the subcommittee discussed four proposals, found below. The Chair asked Subcommittee members if they have other ideas for potential legislation, they should submit these draft proposals between now and mid-July. These draft proposals (should include a problem statement, and proposed solution – that a legislation could solve) should be forwarded to Greg von Lehmen, who will collect them, and will circulate amongst all the Subcommittee members.

It was agreed that the subcommittee should aim to have detailed proposals by mid-July that can be converted into draft legislation for Council consideration at its fall 2018 plenary meeting.

- Information sharing. The subcommittee strongly endorses an information sharing organization for the state that would include local governments, small- and medium-size businesses, and residents. The subcommittee believes that this would add to the attractiveness of Maryland as a place to do business. But it is aware of a recommendation of the Critical Infrastructure Subcommittee on information sharing and will coordinate with that subcommittee.
- Incentives to Partner with Startups to Pilot new products and services. The subcommittee believes that it would accelerate new product commercialization and reduce time to market if larger companies (or Government agencies) were incentivized via a tax credit or some other means to partner with start-ups to pilot their products in development (MVPs) or new services.
- Start-up support. Ala the federal model, this proposal would allow a tax credit against state payroll taxes for start-ups.
- Attracting cleared cybersecurity talent from other states. The subcommittee will propose tax or other incentives for individuals with security clearances to seek employment in, and relocate to, Maryland.
- Safe harbor. The subcommittee supports incentivizing firms to increase their investments in cybersecurity by offering safe harbor from suits in breach cases where business can show that they have made reasonable efforts to implement the NIST cybersecurity framework in their practices. The State of Ohio passed such legislation in its last session (Ohio 2017 SB 220).

- Other issues requiring further development:
 - SCIF incentives for small businesses—anything that can be done to ensure that Small businesses can tap into that
 - Further work on Internship and apprenticeships in cyber security areas
- 5 Other business: Proposed Timeline for future actions:
 - Subcommittee Members are asked to submit detailed full proposals to Greg von Lehmen for distribution to the full subcommittee (new proposals in addition to the 4 described above are encouraged)
 - The subcommittee will consult with Senator Lee’s Law, Policy and Legislation Subcommittee about having the proposals put in draft legislative form.
 - The Sub Committee will meet again late August or Early September to consider the final set of proposed legislation that will be presented at the Full Council meeting in the Fall.
- 6. The subcommittee adjourned at 1:05 pm