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Meeting Minutes  
Subcommittee on Economic Development  
September 24, 2019  
11:00 am – 1:00 pm  
UMGC Inn and Conference Center (Room 1310)  
3501 University Boulevard East  
Hyattsville, Maryland

Attendance

*Subcommittee members attending:* Bel Leong-Hong (Chair), Brian Israel, Mathew Lee, Ken McCreedy, Gregg Smith, and Stacy Smith. Whitney Harmel observed for Christine Ross who was unable to join the meeting (6/12).

*Staff attending:* Howard Barr (Assistant Attorney General and Chief Counsel, DoIT), Hannibal Kemerer (Director of Legislative Affairs, OAG), Derek Chung (Kai Global), Dr. Greg von Lehmen (Staff, Maryland Cybersecurity Council).

*Public members offering comments:* Libby Bennett and Jason Newman

Meeting Summary:

1. Welcome by Bel Leong-Hong. The chair opened the meeting by having the members introduce themselves for the benefit of the public attendees and of the subcommittee members themselves since there were some changes in the membership. Specifically, Gregg Smith (Vice Chair of the CAMI Board) has joined the subcommittee representing CAMI and Stacy Smith has continued on the subcommittee but in a new role as representative of the Maryland Tech Council. The members of the public also introduced themselves.
2. Draft Minutes for the March 12, 2019, meeting. On a motion duly made and seconded, the minutes were approved as presented.
3. Discussion of the meeting format. For the convenience of the members, it was agreed to continue to offer remote means of participating and to use video conferencing in lieu of the polycom as much as possible going forward.
4. Review and discussion of the subcommittee's recommendations in the July 1, 2019 Activities Report of the Maryland Cybersecurity Council (at page 27 <http://www.umuc.edu/mdcybersecuritycouncil>)
  - a. Recommendation 7 (Consolidating and streamlining existing business tax credits.) As part of an effort at simplification, there is discussion within the General Assembly about lowering business taxes in general. It was noted that this could mean that tax credits aimed specifically at the cybersecurity sector would be eliminated. Some of

these credits would be difficult to defend since the usage rate is low. (The ‘buy Maryland’ and the investment tax credits are two examples.)

A number of the subcommittee members stated that the underutilization of tax credits is due to the nature of the application process. For big firms, the payback is not worth the effort. Small firms don’t have the time, a view supported by the two members of the public who were in attendance. It was noted, however, that the application process reflects express statutory language and is not the result of agency interpretation. Simplification of the existing application process would require amendments to the statutory language.

Outcome: Ken McCreedy (Maryland Department of Commerce) agreed to act as a convener of the interested business associations to consider changes in the law that would make it easier for businesses to apply for the “buy Maryland” tax credit in particular.

- b. Recommendation 6 (Support for IP Start-ups). The chair asked the subcommittee what it could recommend that would accelerate tech transfer from the lab to the market. She noted that various entities are already trying to support tech transfer that in Maryland: Dreamport, the federal labs, and the large research universities like the University of Maryland and Hopkins University all have created programs to move IP to market.

The discussion noted that:

- The process at the universities is complicated, involving the faculty, senior administrators, and venture capital. One of the advantages that other states have is a more robust venture capital ecology.
- Tedco has a program for supporting tech transfer, but several members questioned how effective its program is. The turnover in CEOs was mentioned as one impediment. It was suggested that the approach taken by private VC’s which includes surrounding start-ups with support works much better.
- One strategy for accelerating the commercialization of new ideas is establishing an innovation development zone dedicated to cyber. This would offer tax breaks and regulatory relief to incentivize investment in new ideas. An example of how this could work is Georgia. It was observed that Georgia had the advantage of starting from a blank slate. The fact that there are already a number of innovation centers in Maryland might make it better to think in terms of a network of innovation centers to promote collaboration.

Outcome: The chair suggested that the subcommittee convene a group to develop a more focused proposal about how to accelerate tech transfer and asked the members for ideas about who should participate.

5. Security clearances. The process of obtaining clearances has become a major impediment to bidding on contracts (small and medium-size firms) and to accomplishing work under contracts (all firms). Part of the problem is that not all government agencies have the same requirements; e.g. DHS will not accept CIA clearances. There are initiatives, like Project Scope, to help build the pipeline of people who can be more quickly cleared, but while such programs will bear some good fruit, they do not address the challenges with the clearance process itself.

Facility clearances is another dimension of the problem. The issue involves small companies having the need to do a cleared contract and being on a team whose prime is willing to initiate a facility clearance for the company.

Outcome: The chair and Stacy Smith will brainstorm next steps to address these issues.

6. The chair noted that the subcommittee did not address Recommendation 5 (Cybersecurity Workforce Development) captured in the Council's July 1, 2019 Activities Report. A key element of this recommendation is to raise the cap for employer reimbursement of wages paid to technical interns and apprentices in cybersecurity to a level closer to the actual wage paid.

Outcome: the chair asked Ms. Harmel to confer with Christine Ross about the Chamber's next steps on this recommendation and to bring that information back to the subcommittee as an update.

7. There being no further business, the subcommittee was adjourned at 1:15 pm.

Note: These minutes were approved at the April 29, 2020, meeting of the subcommittee.