



March 29, 2022

The Honorable Guy Guzzone
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

Re: HB 366, “Office of the Comptroller - Legal Division and Private Letter Ruling Procedures”
- Favorable

Dear Chairman Guzzone and members of the Committee,

The Maryland Association of Certified Public Accountants (MACPA), founded in 1901, has nearly 9,000 members who work in public accounting, industry, government and education. Our members serve thousands of individual and business clients throughout the state.

The MACPA and our members wholeheartedly support HB 366. Private letter rulings (PLRs) allow taxpayers to get binding answers from the Comptroller’s Office to their tax questions. In turn, the taxpayers can then pay the right amount of tax at the right time, rather than years later after an audit or litigation. Several dozen other states’ departments of revenue currently have a similar process in place. By establishing a Legal Division in the Office of the Comptroller and creating the PLR process, with a binding period of seven-years, Maryland is taking a strong step in the fair and transparent administration of state tax laws. We have been looking forward to a Maryland PLR process for a long time.

In its January 2016 report on tax issues, the Maryland Economic Development and Business Climate Commission (otherwise known as the Augustine Commission) recommended that the state institute a private letter ruling process. SB 843, enacted in 2016, included a provision that required the Comptroller to implement a private letter ruling process to provide additional guidance to taxpayers; SB843 also instructed the Comptroller’s Office to request additional resources in the Comptroller’s budget, if necessary, but those budget requests have not been approved in any year, much to the disappointment of our CPA membership.

HB 366 is a strong step in the right direction to fill this void by establishing a Legal Division in the Office of the Comptroller to perform duties related to PLRs. We offer this additional thought: for the new division to fulfill the bill’s mandate to “provide expanded and detailed tax guidance to taxpayers,” it is vital for the Comptroller’s Office to have a staff of experienced tax attorneys and CPAs who bring the proper expertise and knowledge to providing guidance to taxpayers in PLRs. The process requires not just any additional staff, but the right level and experience in the personnel who perform this function. This involves a properly funded budget in the Office to allow the Director of the Legal Division to hire and retain qualified personnel at competitive salary levels. In addition to the enactment of HB 366, we look forward to the

Governor and the General Assembly providing that adequate funding.

HB 366 will help establish a PLR process that will bring in the right amount of tax money more currently when taxpayers have received the requested guidance, will save the expense of state audits, and may limit the expense of post-audit litigation for both the state and the taxpayers. We appreciate your consideration and request a favorable report.

Should you have any questions, please contact Mary Beth Halpern at the MACPA at marybeth@macpa.org or 443-632-2330.

Sincerely,

MACPA State Tax Committee

cc: Nick Manis, Manis Canning & Associates