

SB677 - Written Testimony by Comptroller Lierman.p

Uploaded by: Brooke Lierman

Position: FAV

Electronic Tax and Fee Return Filing Requirements

SB677

An agency-wide modernization effort is underway in the Comptroller's Office that aims to improve the quality, transparency, and reliability of the services delivered to the public. SB677 supports this effort by establishing a gradual process to move all tax filings online. By creating a timeline with ample time for businesses and individuals to prepare to file online, and with adequate exemptions and safeguards built in, this bill will provide significant benefits to Maryland taxpayers.

What this bill does: SB677 sets a timeline for when all business tax filings and personal income taxes must be filed online. This bill allows for exemptions to the online filing requirement for small businesses and some individuals. Below is a brief summary of the phased implementation process and the specific exemptions:

1. All business fees and taxes will need to be filed online in calendar year 2026.
2. Personal income taxes will need to be filed online in calendar year 2030.
3. Exceptions to the online filing requirements include the following:
 - a. Age 65 or older
 - b. Single filers under \$200,000 or joint filers under \$400,000
 - c. Marylanders with disabilities
 - d. Small businesses with 15 or fewer full-time employees

Why this bill is important: The State of Maryland will see significant benefits from this bill.

- Taxpayers will see improved response times, better customer service, and will be able to access their taxes the same way most people pay their other bills – online.
- The Comptroller's Office will be able to better use agency resources, as we must pull regular employees away from normal duties and hire additional temporary contract workers to manually open and scan nearly one million returns and more than one million paper checks.
- Our compliance efforts will be improved as nearly all data will be digital allowing for quicker identification of scofflaws and those avoiding payments to the state.
- Taxpayers will face reduced risk from lost or stolen mail, as secure electronic payments are subject to lower instances of fraud and scams.
- The Comptroller's Office will be able to produce more accurate and timely reports and financial forecasts for the General Assembly, and state and local partners will enjoy more timely remittances of their portions of state revenues.
- Moving to all electronic filing is part of our commitment to reduce our carbon footprint by eliminating millions of sheets of paper and the energy used by deliveries.



Brooke E. Lierman
Comptroller of Maryland



SB 0677 - MBA - FAV - GR 24.pdf

Uploaded by: Evan Richards

Position: FAV



SB 677 - Comptroller - Electronic Tax and Fee Return Filing Requirements

Committee: Senate Budget and Taxation Committee

Date: February 14, 2024

Position: Favorable

The Maryland Bankers Association (MBA) **SUPPORTS** SB 677. This legislation requires certain taxes and fees collected by the Comptroller of Maryland to be filed electronically, subject to certain exemptions.

The required electronic filing of taxes and fees with the Comptroller's Office will allow Marylanders to conduct transactions in a more expedient fashion. Marylanders will see increased security of sensitive information, increased accuracy of forms, and ultimately faster tax refunds as the Comptroller's Office spends less time processing paper returns. Maryland banks work closely with their customers on tax matters, and support any efforts that streamline outdated processes.

Accordingly, MBA urges issuance of a **FAVORABLE** report on SB 677.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 26,000 Marylanders and holding more than \$209 billion in deposits in over 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

SB 677 FINAL WR Testimony.pdf

Uploaded by: Giavante Hawkins

Position: FAV



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Giavante' Hawkins
Executive Director

To: Budget and Taxation

From: The Maryland Society of Accounting and Tax Professionals

Re: SB 677

Contact Person: Giavante' Hawkins

Position: IN FAVOR

Comptroller - Electronic Tax and Fee Return Filing Requirements

On behalf of the Maryland Society of Accounting and Tax Professionals (MSATP), representing over 2,000 tax professionals serving hundreds of thousands of Maryland taxpayers, I strongly support Senate Bill 677, modernizing tax filing through mandated electronic returns phased in strategically overcoming years.

Our organization provides accounting expertise, assisting countless businesses and individuals complying with state tax obligations. We understand that electronic reporting improves timeliness, accuracy, and administrative efficiency for all parties relative to paper processing. However, smaller enterprises often need more resources to implement technology upgrades readily.

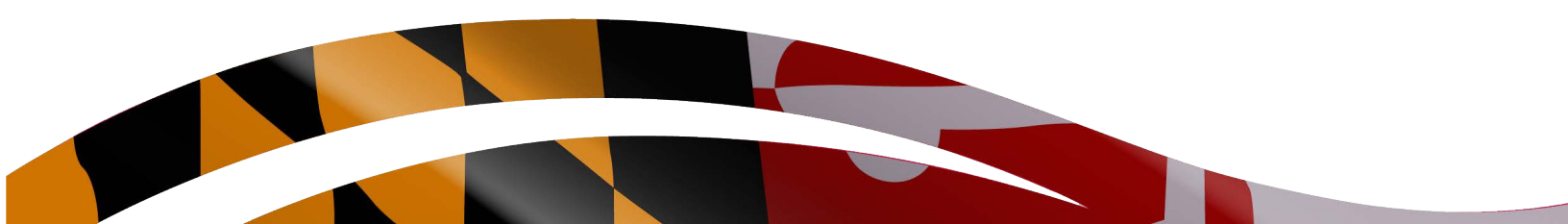
Senate Bill 677 strikes the optimal balance between society-wide gains from digital automation and empathy, exempting micro-firm transitions requiring more graduated adoption. Thoughtful allowances for individual taxpayers recognizing accessibility barriers also demonstrate commendable prudence. And with phase-ins not beginning for two years in most areas, changes allow appropriate planning to minimize disruption.

The MSATP applauds the Comptroller's Office for advancing common-sense improvements supported by those ensuring smooth transitions. We urge a favorable committee report keeping Maryland's revenue administration at the forefront of responsible modernization.

I welcome any questions on how our expertise can further contribute to successful enactment benefitting taxpayers and authorities alike. Please contact me with input requests or ideas as deliberations continue.

Thank you for your consideration.

Giavante Hawkins



SB 677_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV

Expanding Online Tax Filings Will Support More Efficient and Effective State Revenue Collections

Position Statement in Support of Senate Bill 677

Given before the Senate Budget and Taxation Committee

Online tax filing has become increasingly popular, with the vast majority of federal individual and business income tax returns now being filed online¹. Online filing also helps streamline processes at revenue collecting agencies, allowing them to operate more efficiently and effectively. **The Maryland Center on Economic Policy supports Senate Bill 677** because it sets out a reasonable and gradual process for requiring most state tax filings to be done electronically.

Online tax filing has several benefits. It is faster to process and review both for taxpayers and the Comptroller's Office. Reducing paper filings would potentially free up staff time to respond to taxpayers who need assistance. It also makes it easier to match data and catch individuals or businesses that may be underreporting income to avoid taxes. And, it would potentially reduce some state costs associated with processing paper returns.

HB 677 also sets out some reasonable exceptions for those who truly may face challenges using an electronic filing process, including small business owners, people with disabilities, and older adults. It also allows for a long implementation timeline that allows ample time for taxpayer outreach and education before the requirements are in place.

Adopting modern tax collection processes will ultimately benefit Marylanders, businesses, and the state budget.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 677.

¹ Internal Revenue Service, "Returns Filed, Taxes Collected and Refunds Issued," tax year 2022, <https://www.irs.gov/statistics/returns-filed-taxes-collected-and-refunds-issued>

SB677 - MDLCV SUPPORT - Comptroller - Electronic T

Uploaded by: Kristen Harbeson

Position: FAV



February 13, 2024

Kim Coble
Executive Director

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SUPPORT: SB677 - Comptroller - Electronic Tax and Fee Return Filing Requirements

Chair Guzzone and Members of the Committee:

Maryland LCV Supports SB677 (Comptroller - Electronic Tax and Fee Return Filing Requirements) and we thank Comptroller Lierman for her leadership on this issue.

As Maryland looks to reduce its carbon emissions and contribution to the impacts of climate change, it is critical to examine the systems and structures that lead to pollution, either directly or indirectly. Through this legislation, the Comptroller's office has identified the significant amounts of paper mail that they receive each year, which contributes both to the paper waste stream, and the emissions and cost necessary to transport the mail to their headquarters. In the emblematic cycle of personal environmental activity, "Reduce - Reuse - Recycle," it is notable that "reduce" is always the first step. This bill takes a step in that direction by moving to more universal electronic filing for state taxes.

Importantly, this legislation does consider economic justice, as well as environmental policy, in its crafting. By requiring electronic filing for only income levels above \$200,000 for individuals and \$400,000 for couples, it ensures that low and moderate income taxpayers, who may not have access to a personal computer or reliable internet, will not face additional hurdles. Additionally, the Comptroller's office has considered the importance of making the online portal accessible to multiple languages.

Maryland LCV urges a favorable report on this important bill.

MD Rise - SB 677 - Online Tax Filing - FAV.pdf

Uploaded by: Lisa Kligenmaier

Position: FAV



**Testimony in Support of Senate Bill 677
Comptroller – Electronic Tax and Fee Return Filing Requirements**

**Senate Budget and Taxation Committee
February 14, 2024**

Maryland Rise supports SB 677, which gradually moves the state to online tax filing, with important exceptions for populations who may face challenges using electronic filing systems.

Moving towards online tax services has many benefits for taxpayers and the state overall. With online services, the Comptroller’s office has noted filers will see improved response times, increased access to information, and a reduction in harm from lost or stolen mail. Moreover, the Comptroller’s office will save the state resources by making tax filing more convenient, accessible, error-free, and user-friendly. A modern tax collection system is a benefit to all Marylanders.

SB 677 includes important exemptions to online filing for groups who may face challenges with an online system. The legislation creates exemptions for older adults, low-income households, Marylanders with disabilities, and small businesses. This is critically important, as a new tax system shouldn’t marginalize populations who are unable to use online services.

Maryland Rise appreciates your consideration and urges the committee to issue a favorable report on SB 677.

Submitted by: Lisa Klingenmaier, Executive Director

Maryland Rise works to promote economic opportunity for all Marylanders.

SB 677 - MACPA Written Testimony _ FAVORABLE (1).p

Uploaded by: Rebekah Olson

Position: FAV



SB 677 Comptroller - Electronic Tax and Fee Return Filing Requirements
Budget and Taxation Committee
February 14, 2024
Legislative Position: Favorable

Dear Chair Guzzone and member of the Committee,

Founded in 1901, the Maryland Association of CPAs is the only state-wide organization dedicated to advancing the CPA profession and advocating for the more than 14,000 licensed CPAs in Maryland. Our members serve thousands of individual and business clients throughout the state.

CPAs are well-versed in the requirements of electronic filing, particularly in response to the IRS mandate for almost all tax practitioners to adopt e-filing. This method is proven to expedite processing times and ensures a faster distribution of refunds, while also decreasing the potential for errors associated with manual data entry. As an added bonus, the likelihood of audits, corrections, and the need for additional follow up is greatly reduced. From the tax preparer's viewpoint - these are all favorable results.

We appreciate the consideration given to certain exemptions in SB 677, specifically for individuals over the age of 65, lower-income individuals, and those with disabilities. These exemptions recognize the diverse needs of Maryland taxpayers, guaranteeing that the transition to e-filing is executed with equity and consideration.

We value the Comptroller's commitment to continue to collaborate on addressing system resource constraints that have led to processing issues with pass-through entities. It is acknowledged that these challenges may not be promptly resolved through e-filing alone.

Our members strongly endorse modernizing Maryland's tax filing system and making it user-friendly. This bill is a substantial step forward in that process and aligns with the broader trend of digitization in financial processes.

SB 677 presents a forward-thinking approach that will not only benefit Maryland taxpayers but also enhance compliance, alleviate administrative burdens, and contribute to a more transparent and efficient tax collection for the Comptroller's office. For these reasons, we respectfully request a **favorable report** for **SB 677**.

For more information about this position, please contact rebekah@macpa.org or Nick Manis nmanis@maniscanning.com.

SB677_MDSierraClub_fav - 14Feb2024.pdf

Uploaded by: Richard Norling

Position: FAV



P.O. Box 278
Riverdale, MD 20738

Committee: Budget and Taxation
Testimony on: SB 677 – Comptroller – Electronic Tax and Fee Return Filing Requirements
Position: Favorable
Hearing Date: February 14, 2024

The Maryland Chapter of the Sierra Club urges a favorable report on SB 677. The bill sets out a timeline for converting paper filing of tax and fee returns and payments to electronic (i.e., online) transactions.

We applaud the Comptroller’s Office for its aggressive implementation of the capability to receive all business and individual tax returns through an online portal instead of on paper. Importantly to the Sierra Club, eliminating millions of envelopes containing paper returns and checks will significantly reduce the used paper that enters the waste stream to be transported and disposed of. Because paper tax returns are delivered through the mail or another delivery service, the delivery of those returns to the Comptroller’s Office also adds to the state’s greenhouse gas emissions that exacerbate climate change.

Two of the ways a state agency can reduce its carbon footprint (the amount of greenhouse gases its operations add to the atmosphere) are to adopt sustainable processes that reduce the use of paper and to reduce vehicular travel. Switching to electronic tax and fee filing takes both of these helpful steps.

Online transactions also have less chance of error at the agency, allow speedier processing, and provide increased confidentiality of personal and financial data.

Enactment of the legislation this year will give adequate notice to businesses and individuals, and all those who assist them in filing taxes, and give them sufficient time to make any adjustments to their processes to fully implement electronic filing.

For those reasons, we urge a favorable report on SB 677.

Rich Norling
Political Chair
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Josh Tulkin
Chapter Director
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02.13 - SB 677 - Comptroller - Electronic Tax and

Uploaded by: Robin McKinney

Position: FAV



**SB 677 - Comptroller - Electronic Tax and Fee Return Filing Requirements
Budget and Taxation Committee**

February 14, 2024

SUPPORT

Chair Guzzone, Vice-Chair Rosapepe and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 677. This bill will establish a gradual process to move all tax filings online.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Filing taxes online as opposed to paper is a much more secure and efficient process for filing taxes. It reduces the risk of scams and fraudulent activity for taxpayers, as well as increases the quality of the user experience. SB 677 will make the tax-filing process more secure and accurate for all Marylanders, while including provisions for residents who may have a harder time accessing an electronic device to file taxes.

SB 677 will institute the following requirements:

- All business fees and taxes will need to be filed online in calendar year 2026;
- Personal income taxes will need to be filed online in calendar year 2030; and
- Specific exceptions to the online filing requirements that include the following:
 - Filers age 65 or older;
 - Single filers under \$200,000 or joint filers under \$400,000;
 - Marylanders with disabilities; or
 - Small businesses with 15 or fewer full-time employees.

SB 677 will improve the state's tax system for Marylanders as well as the Comptroller's office. Tax preparation and review will be more efficient and compliant and will serve the state's goal of reducing its carbon footprint by eliminating the amount of paper used.

Thus, we encourage you to return a favorable report for SB 677.

Creating Assets, Savings and Hope

SB 677 Electronic Tax and Fee Return_FAV_AARP.pdf

Uploaded by: Tammy Bresnahan

Position: FAV



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SB 677 Comptroller – Electronic Tax and Fee Return Filing Requirements
Senate Budget and Taxation Committee
FAVORABLE
February 14, 2024

Good afternoon, Chair Guzzone and members of the Senate Budget and Taxation Committee. I am Tammy Bresnahan, Senior Director of Advocacy for AARP MD. On behalf of our more than 850,000 members, we would like to thank you for the opportunity to speak in support of SB 677 Comptroller – Electronic Tax and Fee Return Filing Requirements. We thank the Comptroller for bringing SB 677 to the General Assembly.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

SB 677 requires that returns for taxes and fees collected by the Comptroller be filed electronically, subject to certain exceptions including those who are sixty-five and meet certain income guidelines.

For some background and why AARP supports this bill beginning February 1 and continuing through April 15, AARP Foundation is providing in-person tax assistance and preparation through its Tax-Aide program — and it is completely free.

Since 1968, AARP Foundation Tax-Aide has provided free tax help to over seventy-eight million taxpayers, with a focus on older adults with low to moderate income. Tax-Aide volunteers are located nationwide and are trained and IRS-certified every year to make sure they know about and understand the latest changes and additions to the tax code.

In 2022, 774 AARP Foundation Tax-Aide volunteers helped more than 40,210 Maryland residents claim \$27,520,582 in federal refunds and \$2,751,085 state refunds at 127 sites in Maryland, including senior centers, libraries, and other convenient locations.

Taxpayers who used AARP Foundation Tax-Aide avoided tax preparation fees and pitches for high-interest tax credit or refund loans. The program is offered to all Marylanders 50 and over. AARP membership is not required.

AARP believes that this bill will streamline filing tax returns and fees. We appreciate the carve out for Marylanders 65 and older and who meet certain income guidelines. A recent AARP survey found that two-thirds of adults age 50 and up express an interest in recent technologies, 2

in 5 do not feel technology is designed for all ages, citing its complexity, poor user experiences and insufficient training materials. Many continue to have concerns about trust and privacy. We support the Comptroller in her efforts to modernize tax and fee collection, but we also realize that some older filers, would rather file them in person.

We respectfully request a favorable report for SB 677. If you have questions or need further clarification, please contact me at tbresnahan@arp.org or by calling 410-302-8451

SB677_MRA_FWA.pdf

Uploaded by: Sarah Price

Position: FWA

MARYLAND RETAILERS ALLIANCE

The Voice of Retailing in Maryland



**SB677 Comptroller - Electronic Tax and Fee Return Filing Requirements
Budget and Taxation Committee
February 14th, 2024**

Position: Favorable with Amendments

Background: SB677 would require certain fees and tax returns to be filed electronically.

Comments: The Maryland Retailers Alliance, on behalf of the businesses operating in the over forty Main Street communities in Maryland, would respectfully proffer amendment language to SB677 to address potential hardships for businesses. We greatly appreciate the electronic filing exemption businesses with fewer than fifteen employees and believe that this does capture many of the small and independent businesses operating in Maryland. We would recommend that the Committee consider also adding language allowing an exemption for businesses above the fourteen-employee threshold if the business can prove that filing their income tax electronically would cause hardship not faced by other similar businesses.

Thank you for your consideration.

SB677_NFIB_unfav (2024).pdf

Uploaded by: Mike O'Halloran

Position: UNF



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Budget and Taxation Committee

FROM: NFIB – Maryland

DATE: February 14, 2024

RE: **OPPOSE SENATE BILL 677** – Comptroller – Electronic Tax and Fee Return Filing Requirements

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB opposes Senate Bill 677 – legislation that requires the electronic filing of various fees and taxes.

According to the Comptroller’s Office, SB677 will require small businesses to file *and* pay taxes and fees electronically. NFIB is concerned this will have an adverse effect on small business owners who pay via check. While there is no express fee or penalty associated with failing to pay electronically, the concern is future legislation will create them.

Many small business owners prefer to pay taxes and vendors with a check. Remember, these owners are very often their own accountants and are solely responsible for bookkeeping. Electronic payments, especially when made with a credit card, come with associated fees – very often a percentage of the total amount. These fees can add up quickly for a small business that owes at the end of the year.

Should the legislature wish to move forward with SB677, it should consider extending the “small business” exemption found in lines 22-23 on page 4 to include businesses organized as pass-through-entities. Many small businesses are organized as such.

For these reasons, **NFIB opposes SB677** and requests an unfavorable report.