

Dear Members of the Budget and Taxation Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with Out for Justice. I am a resident of Maryland Legislative District 40. **I am testifying in support of HB0634 - Maryland Fair Taxation for Justice-Involved Individuals Act.**



Showing Up for Racial Justice

Incarcerated people may lack the access and documentation to file their taxes while serving their sentences. When Marylanders incur unpaid state taxes during their incarceration, it can have snowball effects that significantly interfere with their ability to reintegrate into society after serving their sentences¹. First, the unpaid taxes accrue interest and penalties, increasing the debt that returning citizens owe. Second, this mounting debt looms over them at a time when they are likely to be financially vulnerable—fresh out of prison, lacking income until they find employment, potentially facing other financial and legal challenges. Meanwhile, the tax debt and penalties block them from accessing other resources that could help them rebuild their lives, such as obtaining a driver's license and vehicle registration² so they can get to a job, or obtaining a business or professional license³. The result? Instead of reintegrating into society and establishing themselves as stable, productive members of the community, these returning citizens are burdened by debt, unable to escape poverty and legal challenges, and at risk of slipping back into criminal behavior to survive.

The Maryland Fair Taxation for Returning Citizens Act reduces these risks by making state income tax debt manageable for incarcerated citizens and citizens who have recently been released. The bill does not erase their debt, but it allows them to set up installment plans to pay taxes owed. Once they have set up such a plan, interest and penalty fees are waived. The bill also includes provisions to cap interest rates on outstanding taxes at 3% per year, and to educate returning citizens about what their tax obligations are and what options are available for relief.

In these ways, HB0634/SB0295 makes paying off state income tax debt a manageable, achievable goal for returning citizens. It increases the likelihood the state can collect the taxes it is owed, increases people's ability to rebuild their lives after completing a prison sentence, and decreases the risk that they will go on to commit additional crimes. It's a win for both the state of Maryland and for a vulnerable segment of Marylanders. As Comptroller Brooke Lierman noted last month in her statement supporting the bill, "By removing unnecessary obstacles for returning citizens, we can bolster Maryland's workforce, support families, and build a more inclusive economy."⁴

It is for these reasons that I am encouraging you to vote **in support of HB0634 - Income Tax - Income Tax Reconciliation Program - Established (Maryland Fair Taxation for Justice-Involved Individuals Act)**.

Thank you for your time, service, and consideration.

Sincerely,
Spencer Baldacci
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Baltimore, MD 21217
Showing Up for Racial Justice Baltimore

¹ Maryland Alliance for Justice Reform, "Maryland Fair Taxation for Returning Citizens Act," <https://www.ma4jr.org/fairtaxation/>

² We the Action, "Maryland Fair Taxation for Returning Citizens Act," August 29, 2024, <https://wetheaction.org/projects/2704-maryland-fair-taxation-for-returning-citizens-act#>

³ Comptroller of Maryland, MVA and Professional License Holds, <https://www.marylandtaxes.gov/divisions/cd/individual-compliance-mva-license-holds.php>

⁴ Comptroller of Maryland Brooke Lierman, January 22, 2025, <https://x.com/MDComptroller/status/1882186950200701258>