

HOUSE BILL 396

Q7

3lr0352

By: **Delegates Feldmark, Ebersole, Hill, D. Jones, Lehman, Ruth, Shetty, and Smith**

Introduced and read first time: January 26, 2023

Assigned to: Economic Matters and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax – Fees for Electronic Filing of Tax Documents – Prohibition**
3 **(Free Filing Act of 2023)**

4 FOR the purpose of prohibiting a certain tax return preparer or software company from
5 charging a separate fee for the electronic filing of certain tax documents; prohibiting
6 a software company from selling different versions of the same tax software under
7 certain circumstances; and generally relating to the electronic filing of tax
8 documents.

9 BY adding to

10 Article – Tax – General
11 Section 1–208
12 Annotated Code of Maryland
13 (2022 Replacement Volume)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Tax – General**

17 **1–208.**

18 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
19 **INDICATED.**

20 **(2) “AUTHORIZED TAX DOCUMENT” MEANS A TAX DOCUMENT THAT**
21 **THE COMPTROLLER HAS AUTHORIZED OR REQUIRES TO BE FILED**
22 **ELECTRONICALLY.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(3) “SOFTWARE COMPANY” MEANS A DEVELOPER OF TAX SOFTWARE.**

2 **(4) “TAX” MEANS A TAX OR ANY OTHER MATTER ADMINISTERED BY**
3 **THE COMPTROLLER IN ACCORDANCE WITH THIS ARTICLE OR ANY OTHER**
4 **PROVISION OF LAW.**

5 **(5) “TAX DOCUMENT” MEANS A RETURN, A REPORT, OR ANY OTHER**
6 **DOCUMENT RELATING TO A TAX.**

7 **(6) (I) “TAX RETURN PREPARER” MEANS A PERSON WHO**
8 **PREPARES FOR COMPENSATION, OR WHO EMPLOYS OR ENGAGES ONE OR MORE**
9 **PERSONS TO PREPARE FOR COMPENSATION, AN AUTHORIZED TAX DOCUMENT.**

10 **(II) “TAX RETURN PREPARER” INCLUDES A PAYROLL SERVICE.**

11 **(7) (I) “TAX SOFTWARE” MEANS A COMPUTER SOFTWARE**
12 **PROGRAM INTENDED FOR TAX RETURN PREPARATION PURPOSES.**

13 **(II) “TAX SOFTWARE” INCLUDES AN OFF-THE-SHELF**
14 **SOFTWARE PROGRAM LOADED ONTO A TAX RETURN PREPARER’S OR TAXPAYER’S**
15 **COMPUTER OR AN ONLINE TAX PREPARATION APPLICATION.**

16 **(B) (1) A TAX RETURN PREPARER OR A SOFTWARE COMPANY MAY NOT**
17 **CHARGE A SEPARATE FEE FOR THE ELECTRONIC FILING OF AUTHORIZED TAX**
18 **DOCUMENTS.**

19 **(2) A SOFTWARE COMPANY MAY NOT SELL A VERSION OF THE**
20 **COMPANY’S TAX SOFTWARE THAT CHARGES A SEPARATE FEE FOR THE ELECTRONIC**
21 **FILING OF AUTHORIZED TAX DOCUMENTS AND A VERSION OF THE SAME TAX**
22 **SOFTWARE THAT DOES NOT CHARGE THE SEPARATE FEE.**

23 **(C) (1) THE COMPTROLLER SHALL IMPOSE AGAINST A TAX RETURN**
24 **PREPARER OR SOFTWARE COMPANY THAT VIOLATES THIS SECTION A CIVIL PENALTY**
25 **OF:**

26 **(I) \$500 FOR A FIRST VIOLATION; OR**

27 **(II) \$1,000 FOR A SECOND OR SUBSEQUENT VIOLATION.**

28 **(2) FOR THE PURPOSES OF THIS SUBSECTION, EACH PROHIBITED FEE**
29 **CHARGED OR SALE OF TAX SOFTWARE THAT CHARGES A PROHIBITED FEE IS AN**
30 **INDEPENDENT VIOLATION.**

1 **(3) BEFORE A CIVIL PENALTY IS IMPOSED UNDER THIS SUBSECTION,**
2 **THE COMPTROLLER SHALL PROVIDE TO THE PERSON AGAINST WHOM THE CIVIL**
3 **PENALTY WILL BE IMPOSED NOTICE OF THE ALLEGED VIOLATION AND AN**
4 **OPPORTUNITY FOR A HEARING.**

5 **(4) A PERSON AGAINST WHOM A CIVIL PENALTY IS IMPOSED UNDER**
6 **THIS SUBSECTION MAY SEEK REVIEW OF THE PENALTY UNDER TITLE 10, SUBTITLE**
7 **2 OF THE STATE GOVERNMENT ARTICLE.**

8 **(5) EACH CIVIL PENALTY SHALL BE PAID INTO THE GENERAL FUND**
9 **OF THE STATE.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2023.