

# HOUSE BILL 323

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6lr1921  
CF 6lr2560

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By: Delegate Stewart

Introduced and read first time: January 16, 2026

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Income Taxes and Penalties Due to Financial**  
3 **Exploitation**

4 FOR the purpose of allowing a credit against the State income tax for certain income taxes  
5 and penalties attributable to early withdrawal of retirement funds due to financial  
6 exploitation; and generally relating to a credit against the State income tax for  
7 income taxes and penalties due to financial exploitation.

8 BY repealing and reenacting, without amendments,  
9 Article – Estates and Trusts  
10 Section 13–601(a), (d), (e), (g), (j), and (k)  
11 Annotated Code of Maryland  
12 (2022 Replacement Volume and 2025 Supplement)

13 BY adding to  
14 Article – Tax – General  
15 Section 10–758  
16 Annotated Code of Maryland  
17 (2022 Replacement Volume and 2025 Supplement)

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

20 **Article – Estates and Trusts**

21 13–601.

22 (a) In this subtitle the following words have the meanings indicated.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



4 (e) (1) "Financial exploitation" means an act taken by a person who:

24 (2) "Financial exploitation" includes:

25 (i) Breach of a fiduciary relationship resulting in the unauthorized  
26 appropriation, sale, or transfer of property;

27 (ii) Unauthorized taking of personal assets;

28 (iii) Misappropriation, misuse, or transfer of assets belonging to a  
29 susceptible adult or older adult from a personal or joint account; and

30 (iv) Intentional failure to effectively use a susceptible adult's or older  
31 adult's income and assets for the necessities required for the susceptible adult's or older  
32 adult's support and maintenance.

5 (j) "Position of trust and confidence" means a relationship, whether formed by a  
6 formal or informal agreement between a susceptible adult or older adult and another  
7 person or recognized by a formal declaration or court order, in which:

14 (k) "Susceptible adult" means an adult who is unable to perform, without  
15 prompting or assistance, one or more activities of daily living, is unable to protect the  
16 adult's rights, or has diminished executive functioning, due to:

17 (1) Advanced age;

18 (2) Mental, emotional, sensory, or physical disability or disease;

19 (3) Impaired mobility;

20 (4) Habitual drunkenness;

21 (5) Addiction to drugs; or

## 22 (6) Hospitalization.

23  $\Delta_{\text{RT}}$

## Article - Tax - General

24 10-758.

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
26 INDICATED.

4 (1) THE STATE INCOME TAX ATTRIBUTABLE TO AN EARLY  
5 WITHDRAWAL OF RETIREMENT FUNDS DUE TO FINANCIAL EXPLOITATION; OR

6 (2) FEDERAL TAX PENALTIES PAID BY THE ELIGIBLE TAXPAYER IN  
7 ACCORDANCE WITH § 72(T) OF THE INTERNAL REVENUE CODE THAT ARE  
8 ATTRIBUTABLE TO AN EARLY WITHDRAWAL OF RETIREMENT FUNDS DUE TO  
9 FINANCIAL EXPLOITATION.

10 (C) WHEN CLAIMING A CREDIT UNDER THIS SECTION, AN ELIGIBLE  
11 TAXPAYER SHALL PROVIDE:

12 (1) INFORMATION DEMONSTRATING A LOSS RESULTING FROM  
13 FINANCIAL EXPLOITATION, INCLUDING DOCUMENTATION FROM:

14 (I) ADULT PROTECTIVE SERVICES;

15 (II) A LAW ENFORCEMENT AGENCY;

16 (III) A FINANCIAL INSTITUTION THAT HAS REPORTED  
17 SUSPECTED FINANCIAL EXPLOITATION UNDER THE MARYLAND STATUTE AGAINST  
18 FINANCIAL EXPLOITATION (SAFE) ACT; OR

19 (IV) A COURT ORDER, A RESTITUTION ORDER, OR ANY OTHER  
20 COURT ISSUED DOCUMENTATION RELATED TO THE FINANCIAL LOSS; AND

24 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR  
25 EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE UNUSED AMOUNT  
26 OF THE CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.