



LEGISLATIVE POSITION:

UNFAVORABLE

Senate Bill 916

Taxes – Whistleblower Reward Program and Statute of Limitations for Tax Collections

Senate Budget & Taxation Committee

Tuesday, March 9, 2021

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

As introduced, SB 916 seeks to establish a whistleblower reward program which would incentivize an individual or entity to provide information relating to a violation of state tax law, including rules and regulations. The individual or entity would be eligible to receive up to 30% of the recovered tax, penalty, and interest, but not less than 15%. The Maryland Chamber of Commerce is concerned that SB 916 will lead to a significant increase in the reporting of tax violations on businesses making good faith efforts to follow the law. Placing a reward on the reporting of these violations will only serve to incentivize additional claims placing greater time and expense burden on the Comptroller's Office.

SB 916 seems to be duplicative in its intent as the Maryland Comptroller's Office already has a system in which they accept tips from individuals who report what they believe to be tax underpayments. These tips currently come in without the motivation of compensation and the Comptroller's Office investigates these tips and takes corrective action as needed. In our discussion with the Comptroller's Office, we understand that many of these complaints do not result in a finding of an unpaid tax liability. Therefore, it would stand to reason that SB 916 would not lead to an increase in recovered revenue for the state. Additionally, SB 916 does not address issues such as reported violations that have already been the component of an audit or how to address taxpayers who have made good faith efforts to follow the law. It would be reasonable for the Comptroller to not engage claims for items that have already been subject to an audit or for their office to decide about whether a taxpayer has made a good faith effort to follow the letter of the law and therefore a reported violation would not need to be investigated.

For these reasons, the Chamber respectfully requests an **unfavorable report** on Senate Bill 916.