

Testimony in Support of SB660
Office of the Comptroller – Taxpayer Advocate Division
Appropriations Committee – March 29, 2023

The Goal: This bill establishes an Office of the State Taxpayer Advocate within the Comptroller's Office to be a timely resource to Marylanders in their navigation through tax filing. The Taxpayer Advocate will:

- Assist taxpayers in resolving the most complex problems with the Comptroller's Office,
- Identify systemic problems experienced by taxpayers and produce regular reports explaining these problems and offering ideas for solutions,
- Implement and oversee technology to survey taxpayers each year to ensure quality of service provided by the Comptroller's Office, and
- Represent taxpayers' interests in planning meetings to formulate policies and procedures of the Comptroller's Office.

The Problem: Most Maryland taxpayers do not need assistance from the Comptroller's office in any given year. Many thousands do need some assistance, however, and a subset of the thousands of individuals who contact the Comptroller have complicated and sometimes ongoing challenges that require ongoing assistance and advocacy. Unfortunately, unlike more than half of the States, the District of Columbia, and the federal government, Maryland does not have an Office of the State Taxpayer Advocate committed to helping taxpayers and their elected representatives utilize the resources available within the Office of the Comptroller to resolve tax problems.

One Solution: The Comptroller's office has many functions and capabilities, but one of the most important is to be a constituent service agency working with Marylanders to ensure an equitable and accessible tax administration system. Tax collection can be intimidating and confusing for many Marylanders, and too often, people are stuck and do not know where to turn when it comes to paying what they owe. While our Taxpayer Services Division offers immediate help on quick matters to thousands of taxpayers every year, an office to provide more in-depth support is necessary. Moreover, there is currently no division equipped to survey taxpayers and identify trends or ongoing failures in the office regarding service to Marylanders. A Taxpayer Advocate office will be important for doing just that to ensure that Marylanders are getting the support they need – and therefore are able to pay what they owe.

In alignment with best practices from the federal government and other states, establishing an Office of the State Taxpayer Advocate with adequate staff will provide an improved constituent service experience for Marylanders and offer insights into systemic problems that the Agency can then address.

I urge a favorable report on SB660.



Bill No.: _____
Requested: _____
Committee: _____

Drafted by: Hill
Typed by: Lynn
Stored – 01/30/23
Proofread by _____
Checked by _____

By: **The Speaker (By Request – Office of the Comptroller)**

A BILL ENTITLED

1 AN ACT concerning

2 **Office of the Comptroller – Taxpayer Advocate Division**

3 FOR the purpose of establishing the Taxpayer Advocate Division in the Office of the
4 Comptroller to assist taxpayers and their representatives in resolving certain
5 taxpayer problems and complaints and represent taxpayers’ interests in a certain
6 manner; and generally relating to the Office of the Comptroller.

7 BY adding to
8 Article – Tax – General
9 Section 2–102.2
10 Annotated Code of Maryland
11 (2022 Replacement Volume)

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

14 **Article – Tax – General**

15 **2–102.2.**

16 (A) IN THIS SECTION, “DIVISION” MEANS THE TAXPAYER ADVOCATE
17 DIVISION.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.

lr2500

1 **(B) THERE IS A TAXPAYER ADVOCATE DIVISION IN THE OFFICE OF THE**
2 **COMPTROLLER.**

3 **(C) (1) THE HEAD OF THE DIVISION IS THE TAXPAYER ADVOCATE.**

4 **(2) THE TAXPAYER ADVOCATE SHALL HAVE:**

5 **(I) A BACKGROUND IN CUSTOMER SERVICE AND TAX LAW; AND**

6 **(II) EXPERIENCE REPRESENTING INDIVIDUAL TAXPAYERS.**

7 **(3) SUBJECT TO THE SUPERVISION OF THE COMPTROLLER, THE**
8 **TAXPAYER ADVOCATE HAS ADMINISTRATIVE CONTROL OVER THE DIVISION.**

9 **(D) (1) THE COMPTROLLER SHALL SELECT THE TAXPAYER ADVOCATE**
10 **AND THE EMPLOYEES OF THE DIVISION, WHO MAY INCLUDE EMPLOYEES FROM THE**
11 **COMPTROLLER'S OFFICE AND RESIDENTS OF THIS STATE WITH KNOWLEDGE OF**
12 **TAXATION.**

13 **(2) THE TAXPAYER ADVOCATE SHALL APPOINT OTHER OFFICERS**
14 **AND EMPLOYEES OF THE DIVISION IN ACCORDANCE WITH THE PROVISIONS OF THE**
15 **STATE PERSONNEL AND PENSIONS ARTICLE.**

16 **(3) THE DIVISION SHALL INCLUDE A MINIMUM OF SIX EMPLOYEES,**
17 **INCLUDING THE TAXPAYER ADVOCATE, AS WELL AS APPROPRIATE SUPPORT STAFF,**
18 **ONE OF WHOM SHALL HAVE EXPERIENCE IN THE FIELD OF INFORMATION**
19 **TECHNOLOGY TO SERVE AS WEBMASTER.**

20 **(4) OFFICERS AND EMPLOYEES OF THE DIVISION ARE ENTITLED TO A**
21 **SALARY AS PROVIDED IN THE STATE BUDGET.**

22
23 **(5) THE DEPARTMENT OF BUDGET AND MANAGEMENT, IN**
COORDINATION WITH THE OFFICE OF THE COMPTROLLER, SHALL MAKE
APPROPRIATE ALLOCATIONS FOR PERSONNEL, INCLUDING THE ABILITY
TO RECLASSIFY POSITIONS.

24
25 **(E) THE DIVISION SHALL:**

26 **(1) BE SUBJECT TO ALL CONFIDENTIALITY AND DISCLOSURE**
27 **PROVISIONS APPLICABLE TO THE COMPTROLLER'S OFFICE;**

1 **(2) BE RESPONSIBLE FOR ASSISTING TAXPAYERS AND THEIR**
2 **REPRESENTATIVES TO ENSURE THAT TAXPAYERS AND THEIR REPRESENTATIVES**
3 **UNDERSTAND AND UTILIZE THE POLICIES, PROCESSES, AND PROCEDURES**
4 **AVAILABLE FOR THE RESOLUTION OF PROBLEMS RELATED TO TAX PROGRAMS AND**
5 **DEBT COLLECTION PROGRAMS ADMINISTERED BY THE COMPTROLLER;**

6 **(3) ASSIST TAXPAYERS IN RESOLVING PROBLEMS WITH THE**
7 **COMPTROLLER’S OFFICE;**

8 **(4) IDENTIFY AREAS IN WHICH TAXPAYERS EXPERIENCE PROBLEMS**
9 **IN DEALING WITH THE COMPTROLLER’S OFFICE;**

10 **(5) PROVIDE EXPEDITIOUS SERVICE TO TAXPAYERS WHOSE**
11 **PROBLEMS ARE NOT RESOLVED THROUGH ORDINARY CHANNELS;**

12 **(6) COLLABORATE WITH OTHER EMPLOYEES OF THE**
13 **COMPTROLLER’S OFFICE TO RESOLVE THE MOST COMPLEX AND SENSITIVE**
14 **TAXPAYER PROBLEMS;**

15 **(7) RESOLVE SYSTEMIC PROBLEMS EXPERIENCED BY TAXPAYERS;**

16 **(8) REPORT TO THE COMPTROLLER IF, IN THE OPINION OF THE**
17 **DIVISION, THE COMPTROLLER’S OFFICE IS ADMINISTERING A LAW IMPROPERLY;**

18 **(9) PARTICIPATE AND REPRESENT TAXPAYERS’ INTERESTS AND**
19 **CONCERNS IN PLANNING MEETINGS, REVIEWING INSTRUCTIONS, AND**
20 **FORMULATING POLICIES AND PROCEDURES OF THE COMPTROLLER’S OFFICE;**

21 **(10) COMPILE DATA EACH YEAR ON THE NUMBER AND TYPE OF**
22 **TAXPAYER COMPLAINTS AND EVALUATE THE ACTIONS TAKEN TO RESOLVE THE**
23 **COMPLAINTS;**

24 **(11) SURVEY TAXPAYERS EACH YEAR TO OBTAIN THEIR EVALUATION**
25 **OF THE QUALITY OF SERVICE PROVIDED BY THE COMPTROLLER’S OFFICE;**

26 **(12) PROPOSE CHANGES IN THE ADMINISTRATIVE PRACTICES OF THE**
27 **COMPTROLLER’S OFFICE TO MITIGATE ISSUES IN RESOLVING PROBLEMS AND**
28 **COMPLAINTS IDENTIFIED UNDER ITEMS (3) AND (10) OF THIS SUBSECTION;**

1 **(13) IDENTIFY POTENTIAL LEGISLATIVE OR REGULATORY CHANGES**
2 **THAT MAY BE APPROPRIATE TO RESOLVE ANY PROBLEMS OR COMPLAINTS**
3 **IDENTIFIED UNDER ITEMS (3) AND (10) OF THIS SUBSECTION;**

4 **(14) ESTABLISH AN ELECTRONIC PORTAL ON THE COMPTROLLER’S**
5 **WEBSITE WHERE TAXPAYERS CAN INTERACT WITH THE DIVISION DIRECTLY; AND**

6 **(15) PERFORM OTHER RELATED DUTIES AS ASSIGNED BY THE**
7 **COMPTROLLER IN ACCORDANCE WITH TITLE 13, SUBTITLE 1A OF THIS ARTICLE.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2023.



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HB707 Office of the Comptroller – Taxpayer Advocate Division
House Appropriations
FAVORABLE
March 14, 2023

Good afternoon Chair Barnes and members of the House Appropriations Committee. I am Tammy Bresnahan, Senior Director of Advocacy for AARP MD. On behalf of our almost 900,000 members, we would like to thank you for the opportunity to speak in support of **HB 707 Office of the Comptroller – Taxpayer Advocate Division**. We thank the Comptroller for bringing HB 707 to the General Assembly.

HB707 establishes an Office of the State Taxpayer Advocate within the Comptroller's Office and provides at least six staff members to assist Marylanders with timely resolutions to tax issues.

As indicated by the Comptroller's her office may be the agency that interacts more frequently with a greater share of the general public than most other agencies. It is also the agency charged with tax collection, which can be intimidating and confusing for many Marylanders. In alignment with best practices from the federal government and other states, establishing an Office of the State Taxpayer Advocate with adequate staff will provide an improved customer service experience for Marylanders while helping to bring cases to resolution in an expedited way.

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's completely free.

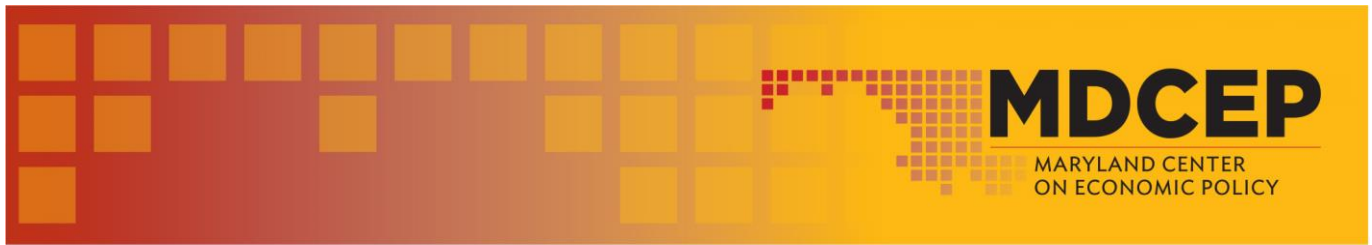
Last year, 774 AARP Foundation Tax-Aide volunteers helped more than 40,210 Maryland residents claim \$27,520,582 in federal refunds and \$2,751,085 at 127 sites in Maryland, including senior centers, libraries and other convenient locations.

AARP Foundation Tax-Aide is the nation's largest volunteer-run free tax preparation service. Volunteers are trained and IRS-certified every year to ensure they understand the latest changes to the U.S. Tax Code.

Taxpayers who used AARP Foundation Tax-Aide in 2019 received \$1.6 billion in income tax refunds and more than \$200 million in Earned Income Tax Credits (EITCs). They also avoided any tax preparation fees and pitches for high-interest tax credit or refund loans. The program is offered in conjunction with the IRS, and AARP membership is not required.

AARP believes that states should increase support for taxpayer assistance programs such as Tax Counseling for the elderly and or taxpayer advocate programs that this bill requires. An advocate located within the Comptroller's office could help Marylanders with income tax assistance and other tax related questions and concerns.

We respectfully request a favorable report for HB 707. If you have questions or need further clarification, please contact me at tbresnahan@aarp.org or by calling 410-302-8451.



MARCH 14, 2023

Office of Taxpayer Advocate Would Support More Equitable Tax Administration

Position Statement in Support of House Bill 707

Given before the House Appropriations Committee

Fair administration of the state's tax laws is an important component of an effective and equitable tax system. **The Maryland Center on Economic Policy supports House Bill 707** because it would create an Office of the State Taxpayer Advocate to help ensure Marylanders can get effective and timely assistance with tax problems.

Filing taxes correctly can be challenging, particularly for those who can't afford to work with a tax preparer or pay for expensive tax filing software. It can also be challenging for Marylanders to get timely information about a delayed or missing tax refund, or to know how to work with the Comptroller's Office to set up a payment plan for a large tax bill. Creating and appropriately staffing an Office of the State Taxpayer Advocate would provide a clear path for Marylanders who need additional support addressing any of these types of tax problems.

Such an office could also monitor customer service or tax administration issues affecting Maryland families. For example, on the national level, taxpayers who receive the Earned Income Tax Credit are significantly more likely to be audited than high-income taxpayers.¹ The National Taxpayer Advocate was able to identify this as an issue and highlight it as something that Congress and the IRS should address.

Creating an Office of the State Taxpayer Advocate would improve customer service for taxpayers and ensure that low-income households, entrepreneurs, and others are able to resolve tax issues in a timely way. Having such an office is a best practice that is not only in place on the national level but in D.C. and other states as well.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on House Bill 707.

Equity Impact Analysis: House Bill 707

Bill summary

This bill establishes an Office of the State Taxpayer Advocate within the Comptroller's Office and provides at least six staff members to assist Marylanders with timely resolutions to tax issues.

Background

More than 25 years ago, the IRS created the Office of the Taxpayer Advocate with the mission to assist taxpayers with resolving problems, identify areas where taxpayers regularly have problems in dealings with tax compliance, propose changes to the administrative practices to mitigate future problems, issue annual reports to identify what

was done to improve services, and – where possible – identify appropriate legislative changes to solve such problems.

Maryland currently does not have a similar office.

Equity Implications

An Office of the Taxpayer Advocate could particularly benefit low-income households, including people doing gig work or who are misclassified as independent contractors and may be more likely to make errors in tax filing or face tax bills they can't afford. The office could also potentially identify areas where current policies are harming certain groups of taxpayers. On the federal level, low-income taxpayers who claim the Earned Income Tax Credit are more than five times as likely to be audited as taxpayers in other income groups.ⁱⁱ

Due to various structural barriers to opportunity, Black and Latinx workers are far more likely than white workers to earn poverty-level wages and are therefore more likely to qualify for the EITC. While state and federal EITCs serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.

Impact

House Bill 707 would likely **improve racial and economic equity** in Maryland.

ⁱ TRAC IRS, IRS Audits Few Millionaires But Targeted Many Low-Income Families in 2022, January 2023, [https://trac.syr.edu/reports/706/#:~:text=The%20IRS%20audited%20626%2C204%20returns,1%2C000%20returns%20filed%20\(0.38%25\)](https://trac.syr.edu/reports/706/#:~:text=The%20IRS%20audited%20626%2C204%20returns,1%2C000%20returns%20filed%20(0.38%25).).

ⁱⁱ Trac IRS, 2023.



**HB707 - Office of the Comptroller – Taxpayer Advocate Division
House Appropriations Committee
March 14th, 2023
SUPPORT**

Chair Barnes, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 707. This bill would establish a Taxpayer Advocate Division in the Office of the Comptroller.

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.**

CASH was one of the co-chairs of the Tax Administration and Customer Engagement workgroup as a part of the Comptroller's transition committee. The workgroup's goal was to research ways the Comptroller's Office could improve customer engagement through examining current tax practices and procedures. The full transition committee report can be found here: [Transition Report Comptroller of Maryland 2023](#).

The clients served by CASH and its partners often have complex tax situations that require support from the Comptroller's Office. These clients are routed through general customer service channels and it can take weeks to resolve issues. To address these concerns, CASH supports the creation of a Taxpayer Advocate Office. This would mirror the [Taxpayer Advocate Service](#), which is under the IRS, and are already in existence in several states.

Maryland's Taxpayer Advocate Division would have officers that are dedicated to helping taxpayers navigate through the tax issues they are facing and will help taxpayers utilize policies and practices to resolve their problems. They will also keep the Comptroller's Office updated on common and frequent issues taxpayers are facing, so the Comptroller's Office can make systems-level adjustments.

Creating a Taxpayer Advocate Division will improve the taxpayer experience and strengthen the relationship between taxpayers and the Comptroller's Office.

Thus, we encourage you to return a favorable report for HB 707.

Creating Assets, Savings and Hope



March 14, 2023

The Honorable Ben Barnes
Appropriations Committee
House Office Building
Annapolis, MD 21401

RE: HB707, "*Office of the Comptroller — Taxpayer Advocate Division*" FAVORABLE

Dear Chair Barnes and members of the Committee:

The Maryland Association of CPAs (MACPA) is a professional organization representing the CPA profession in Maryland, with more than 8,000 members statewide and a history of serving the public interest since 1901. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, and Maryland's largest businesses.

For many years, MACPA's State Tax Committee has expressed support for the creation of a Taxpayer Advocate in Maryland. We recognize and appreciate the support services provided by the current Taxpayer Services Division, including the Ombudsman and Practitioner Helpline, which are staffed by a group of dedicated and hardworking employees. However, we know their resources are constrained and their functions are limited to services such as finding and fixing processing issues, advising on what steps to take, or advising on which group within the Comptroller's Office should handle a particular request, etc. Currently, they cannot advocate for taxpayers in developing solutions to an issue.

There are circumstances in which issues and problems cannot be addressed or resolved through normal channels. These situations may result in financial difficulties and additional barriers to the taxpayer. Currently, these taxpayer issues are addressed on an ad-hoc-basis. There is no single point-of-contact in the Comptroller's Office to assist, identify, track, and report systemic or policy issues that may be addressed through administrative or legislative action.

As an independent entity, the Taxpayer Advocate will provide an important resource to ensure that taxpayers and preparers are treated fairly and that their rights are protected. State-level advocacy offices operate in 35 other states. They assist taxpayers who have been unable to resolve their issue(s) within the regular channels of problem resolution, much like the work at the federal level by the National Taxpayer Advocate Service.

Even CPAs and other practitioners at times need someone within the Comptroller's Office who will help advocate for our clients. It is an even greater imperative for taxpayers who do not have the means to be represented by a CPA or other professional advisor to have a Taxpayer Advocate provide guidance and advocate for them in resolving issues in an expedient and efficient manner.

Taxpayer Advocates work on a variety of issues that impact taxpayers in key areas in which the Comptroller and the public interact. Taxpayer Advocates recommend “big picture” or systemic changes at the Comptroller's Office or in the tax laws. We firmly believe it is important for lawmakers to consider the perspective of the taxpayer and the tax preparer as tax laws are considered. A Taxpayer Advocate can fill that role and advise legislators on administrative and compliance aspects of all proposed tax laws — and hopefully mitigate any implementation issues once the legislation is passed.

Advocacy can take on various forms and functions. In a system dependent on voluntary tax compliance, it is crucial to find ways to reduce barriers for taxpayers. The creation of a Taxpayer Advocate Division will serve as both a voice and a resource for Maryland taxpayers and tax preparers. We believe HB707 is necessary for the state and will benefit Maryland taxpayers and tax preparers. For these reasons, we respectfully request a favorable report for HB707.

Thank you very much for the opportunity to offer these comments for your consideration. If you have any questions or if we can provide additional information, please contact Mary Beth Halpern of the MACPA at marybeth@macpa.org or (443) 632-2330.

Sincerely,

MACPA State Tax Committee

cc: Nick Manis, Manis Canning & Associates



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Giavante' Hawkins
Executive Director

To: Appropriations Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: HB707 By: The President (By Request – Office of the Comptroller)

Contact Person: Giavante Hawkins, Executive Director

Position: SUPPORT

Office of the Comptroller- Establish a Taxpayer Advocate Division

The MD Society of Accounting and Tax Professionals has 2,000 CPAs and Professional Tax members, representing over 700,000 Maryland residents. The MD Society of Accounting and Tax Professionals supports bill HB707.

The members of the MD Society of Accounting and Tax Professionals have heard many clients express how an advocate office would benefit them when they needed an advocate most. Many Maryland residents presume their accountant or tax professional will help them navigate tax issues. A Taxpayer Advocate Office would be a valuable resource for Maryland's taxpayers.

We need to protect taxpayers' rights and help ensure that taxpayers are treated fairly and that their rights are not violated; Comptroller Lierman envisions a customer service approach to tax administration which the establishment of a Taxpayer Advocate Office could enhance. This office could serve as a point of contact for taxpayers with issues with their tax affairs, providing guidance and assistance to help them navigate complex tax rules and procedures. In contrast, the Comptroller's office can increase transparency and improve tax administration by identifying problems and implementing changes that benefit taxpayers.

Overall, a taxpayer advocate office is important within the state because it serves as a voice for taxpayers, helps protect their rights, and improves tax administration. By providing assistance, resolving disputes, and increasing transparency, a taxpayer advocate office can help ensure that taxpayers are treated fairly, their voices are heard and their rights are protected.

Therefore, we urge a FAVORABLE report on HB707.

**Testimony in support of HB707– Office of the Comptroller – Taxpayer Advocate
Division**

Before the House Appropriations Committee

March 14th, 2023

Good afternoon, Chair Barnes, Vice Chair Chang and members of Appropriations Committee. My name is Beverly Winstead, Clinic Instructor at the University of Maryland Francis King Carey School of Law, Low Income Taxpayer Clinic. I offer my strong support of HB707 as an individual faculty member and not as a representative of the law school and university. My viewpoint reflects the scholarly research and hands-on supervision I have conducted, as well as my own representation of Maryland taxpayers for nearly fifteen years.

I graduated law school in 2008 and immediately upon graduating and passing the bar I began practicing as a tax resolution attorney. A tax resolution attorney works on behalf of taxpayers to resolve tax disputes, such as disputes that occur during examinations of tax returns, disputes that occur because a taxpayer can't pay what they owe, and etc. Over the course of the last 15 years, I have found that not all matters can be resolved through normal channels. On more than one occasion I have worked with the IRS's Taxpayer Advocate Service to assist me. The Taxpayer Advocate office is an independent organization within the IRS. They are charged with ensuring that every taxpayer is treated fairly, and they help to facilitate resolution of IRS tax problems.

One example of when I used the Taxpayer Advocate Service occurred when we began working with a client in April 2019. She was a single woman who was doing all she could to stay above water and care for 2 autistic dependents. She sought our help with getting her earned income tax credit reinstated. We were not able to resolve this case through normal IRS channels so we reached out to the Taxpayer Advocate Service. By working with TAS we helped her get reinstated and we obtained her refunds. She needed those refunds badly to pay for basic living expenses for herself and her autistic dependents.

If this issue arose on the state level, and we could not get it resolved through normal channels, who do we turn to get the matter resolved? Unfortunately, I cannot say the taxpayer can go to the Taxpayer Advocate Office because Maryland does not have a Taxpayer Advocate. From my experience, I would have to contact staff in the Comptroller's Office or reach out to the Comptroller's Ombudsman's Office. All taxpayers do not have the same access to these resources or are not aware that they exist.

Establishing a Taxpayer Advocate Office would help in resolving state related tax issues which proves beneficial to not only our citizens but to the state as well. HB707 ensures that hard-working Marylanders with tax disputes gets an additional tool to resolve their tax matters. Therefore, I strongly urge the Committee to provide a favorable report on HB707.

Thank you for your consideration.

Office of the Comptroller – Taxpayer Advocate Division

**Maryland House Appropriations Committee HB 707
Maryland Senate Budget and Taxation Committee SB 660**

**Comments by
Elena Fowlkes**

**Assistant Director of Operations
Office of Tax and Revenue
District of Columbia Office of the Chief Financial Officer**

Thank you for the opportunity to present written testimony on House Bill 707 and Senate Bill 660, the “Office of the Comptroller—Taxpayer Advocate Division” (the “Bill”). My name is Elena Fowlkes, and I am the Assistant Director of Operations at the DC Office of Tax and Revenue. I served as the first DC Taxpayer Advocate when the Office of the Taxpayer Advocate was established in 2019. I deliver my remarks based on my experience in that role and to share the success that the District of Columbia has experienced in having an active and engaged Office of the Taxpayer Advocate working with District taxpayers.

Increasingly, state tax administration has shifted its focus to furthering collaborative partnerships with taxpayers to promote voluntary compliance. As tax administrators, we aim to have every taxpayer voluntarily report their tax obligations correctly and pay any outstanding balances in full and on time, without harsher enforcement actions.

Voluntary compliance, however, requires that taxpayers understand their rights and obligations. Often, tax requirements are complex and challenging to comprehend. And especially for low-income, vulnerable, marginalized, low-literacy, or non-native English-speaking taxpayers—who may lack the resources for qualified assistance—the availability of a dedicated advocate within the revenue authority helps taxpayers to voluntarily comply with tax requirements.

In the District of Columbia, the Office of the Taxpayer Advocate was established in late 2019 and was introduced to the public in January 2020. Modeled after the IRS National Taxpayer Advocate, the DC Office of the Taxpayer Advocate:

- Provides taxpayer education and information;
- Provides direct taxpayer assistance; and
- Engages in systemic advocacy to improve the tax system as a whole.

First, an Office of the Taxpayer Advocate provides taxpayers with education and information, which is critical to ensuring that taxpayers understand their rights and obligations. In the District of Columbia, the Office of the Taxpayer Advocate engages in various educational and outreach events, including those geared toward seniors, the unhoused, single parents, returning citizens, and others. The District's Office of the Taxpayer Advocate hosts webinars, attends community outreach events, and meets with stakeholders to ensure that information is widely available. In addition, the ability to interact with a wide variety of individuals allows OTR to consider a broad spectrum of taxpayer perspectives in its initiatives and policy decisions.

Second, the District of Columbia Office of the Taxpayer Advocate works directly with taxpayers to assist in resolving matters when the ordinary resolution channels have broken down. In the District, having a dedicated point of contact looking holistically at a tax matter enables us to resolve errors quickly and brings taxpayers into current and future compliance. Taxpayers who benefit from this process are more empowered, well-informed, and better prepared to meet their future tax obligations.

Finally, the Office of the Taxpayer Advocate addresses systemic issues that impact many taxpayers simultaneously. Systemic advocacy broadly provides a way to make a tax system more equitable, efficient, streamlined, simple, transparent, and customer friendly. In addition, a focus on data-driven decision-making through reporting provides additional transparency for internal and external stakeholders. While I served as the District's Taxpayer Advocate, I worked on various initiatives, including system fixes, notice simplification, form updates, and policy recommendations. The District's Office of the Taxpayer Advocate works diligently to ensure that the customer experience is at the center of how the District administers its programs and

policies. As a result, the District tax system is better each day because of the establishment of this office.

The District of Columbia's experience with offering the services of the Office of the Taxpayer Advocate to our taxpayers has been overwhelmingly positive and has added tremendous value to the residents of the District of Columbia. Thank you for the opportunity to contribute my reflections on the District's experience in establishing the Office of the Taxpayer Advocate. I look forward to working with the Maryland Taxpayer Advocate if the legislature moves forward with the adoption of this measure.

**TESTIMONY OF JANICE SHIH
DIRECTOR, LOW INCOME TAXPAYER CLINIC
UNIVERSITY OF BALTIMORE SCHOOL OF LAW**

IN SUPPORT OF HB 707

**APPROPRIATIONS COMMITTEE
MARYLAND HOUSE OF DELEGATES**

March 14, 2023

Good afternoon Chair Barnes, Vice Chair Chang and members of the Appropriations Committee. My name is Janice Shih and I am currently the Director of the Low Income Taxpayer Clinic (LITC) at the University of Baltimore School of Law. Thank you for this opportunity to testify in support of House Bill 707.

I am proud to support Comptroller Lierman's legislation to Establishing the Taxpayer Advocate Division in the Office of the Comptroller to assist taxpayers and their representatives in resolving certain taxpayer problems and complaints and represent taxpayers' interests in a certain manner.

In my previous role as Director of the LITC at Maryland Volunteer Lawyers Service, I assisted dozens of low-income taxpayers in navigating the maze that is the Maryland Comptroller's Office. Now, as a professor at the law school, I am teaching future attorneys how to assist clients with state tax issues. This is no easy task – as the Office of the Maryland Comptroller offers no consistency nor transparency to their processes and protocols.

My basis of comparison is the Internal Revenue Service (IRS). The IRS has an established Taxpayer Advocate Service, which is an independent organization within the IRS working on behalf of the taxpayers. It is an internal watchdog department, exposing problems within the IRS and offering solutions and suggestions to Congress on how to fix these problems. Indeed, this is the very department that funds our clinic's existence – our clinic exists to assist taxpayers with IRS issues; we are paid to fight the IRS, to point out problems and to educate taxpayers. Twenty-nine states have now followed this lead, including our neighbors of Pennsylvania, Virginia and the District of Columbia.

Maryland currently lacks any objective oversight. The IRS has the Internal Revenue Manual (IRM) which details how every issue is to be approached; it provides which gives specific instructions on how an IRS employee should respond, and can be used as a basis of a complaint if the proper procedure is not followed. The Office of the Maryland Comptroller has no such manual, and as such, there is no consistency. Responses to an inquiry can depend on which

employee you speak to, and what mood they are in that day (who answers the phone is by luck of the draw; I personally had my favorites, and knew it was going to be a good day when they answered). Taxpayer decisions should not be subject to the capricious whims of Comptroller employees.

In addition, the Maryland tax community is a small one, and attorneys often move from private practice to government employee, and vice versa. Representatives of taxpayers who have “inside connections” are treated preferentially, as their attorneys call their former colleagues for assistance. Although our low-income tax clinics have been lucky enough to have systems set up for assistance, not all taxpayers have this available to them. Even still, there are times when we representatives still get stuck, and must reach out to the IRS Taxpayer Advocate for assistance. Having this option for Maryland taxpayers would create faster resolution of cases and increased compliance overall.

Just as the US Constitution has a Bill of Rights, the IRS has codified a Taxpayer Bill of Rights, which includes the following ten enumerated rights: The Right to Be Informed, The Right to Quality Service, The Right to Pay No More than the Correct Amount of Tax, The Right to Challenge the IRS’s Position and Be Heard, The Right to Appeal an IRS Decision in an Independent Forum, The Right to Finality, The Right to Privacy, The Right to Confidentiality, The Right to Retain Representation, and The Right to a Fair and Just Tax System. These rights can be used to challenge IRS decisions regarding decisions on taxpayer issues. Compare this to Maryland’s Taxpayer Bill of Rights, which states “fair and courteous treatment under the law.” How does one define that?

Maryland taxpayers deserve better. Just as we at the Maryland Tax Clinics are set up to help low-income Marylanders navigate the Byzantine labyrinth of the Comptroller’s office, a state Taxpayer Advocate would be able to assist not only our clients, but all Marylanders with a tax problem. It would provide oversight to the system, and improve compliance, and ultimately, improved revenue. The Maryland state tax system, like the US system, is a voluntary one, requiring faith in the fairness of our system. Creating an independent state Taxpayer Advocate would further this consistency and demonstrate the state’s commitment to Maryland taxpayers.

I applaud Comptroller Lierman’s legislation to Establishing the Taxpayer Advocate Division, as it is long overdue. I urge you to vote favorably on this bill. Thank you for your time and consideration.

HB707/SB660, Testimony in support of legislation to establish the Office of the State Taxpayer Advocate within the Comptroller's Office to help Marylanders navigate through tax issues

My name is Janice Feldman, and I am an attorney who has been integrally involved in tax administration since 1989. I am currently a Senior Tax Attorney at Kundra & Associates in Rockville, Maryland. From September 2014 to April 2019, I was the Division Counsel/Associate Chief Counsel for the National Taxpayer Advocate component of the Internal Revenue Service. As the legal counsel for the National Taxpayer Advocate, I saw firsthand how taxpayers at the federal level benefited from having a National Taxpayer Advocate and the Taxpayer Advocate Service available. So too, I witnessed how taxpayers benefited at the state level when a state taxpayer advocate was available to assist.

Maryland is one of only a few states without a taxpayer advocate office. These state offices typically assist and advocate for taxpayers on issues that cannot be resolved through normal channels and perform other functions, such as identifying systemic problems. Having a complex tax system that is dependent on voluntary tax compliance, it is crucial to find ways to make the system fairer and easier to navigate. It is also important that we reduce barriers so that it is easier for taxpayers to meet their tax obligations. Some of the barriers that Maryland taxpayers currently face include lack of trust in the system, language barriers, insufficient education regarding basic filing and payment requirements, and individual hardships. This legislation would reduce these barriers. Furthermore, the proposed legislation would require the Advocate's Office to do more. Among other things, it requires the office to identify and resolve systemic problems and compile data about the number and types of taxpayer complaints. Having an organizational component within the Comptroller's office that tracks problem areas and also is tasked with remedying systemic issues will improve the quality of service for taxpayers as systemic problems will now be identified and corrected seamlessly. I believe the creation of this office will provide Maryland taxpayers with a much better customer experience which in turn should improve voluntary compliance with tax filing and payment. I strongly urge passage of this important legislation.