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MARYLAND SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF SB0312 TAX CLINICS FOR LOW-INCOME MARYLANDERS
FUNDING – REPEAL OF SUNSET

2/8/2023

Chairman Guzzone and distinguished members of the Committee, thank you for the opportunity to testify in support of Senate Bill 312.

My name is John Hardt and I am the Director of the Low Income Taxpayer Clinic (LITC) at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteer lawyers has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY22, MVLS volunteer and staff lawyers provided legal services to 3,458 people across the state. Through our LITC program, we encounter many clients who owe back taxes to the state of Maryland, resulting in consequences such as liens, levies, holds on driver's licenses, professional licenses, and vehicle registration. For the reasons explained below, MVLS respectfully requests the committee return a favorable report on SB0312.

There are three federally funded LITC programs in the state of Maryland: MVLS LITC, the University of Baltimore School of Law LITC and the University of Maryland Carey School of Law LITC. LITCs are federally funded to provide assistance to low-income taxpayers with federal tax issues. These clinics are allowed to assist low-income taxpayers with Maryland tax issues, but only if a federal tax issue already exists. For taxpayers with only a Maryland Tax issue, these LITCs cannot use their federal funding. Even without state funding for the LITCs, MVLS made the financially difficult decision to provide service to taxpayers with only Maryland tax issues, but this was unsustainable. Only the introduction of Maryland state funding allowed MVLS to continue. SB0312 continues the vital funding all three LITC programs need to provide legal representation for assistance with Maryland tax matters.

Low-income Marylanders who have tax issues with the Maryland Comptroller face a bevy of serious consequences. Once a taxpayer owes a tax, the Comptroller adds penalties and an interest rate of 9.5%. This quickly escalates into an even larger sum owed, with taxpayers often feeling overwhelmed and unsure of how to even start to deal with the issue. Calls to the Maryland Comptroller involve long wait times, and responses are not always standardized, leading to more confusion. As with any issue, having legal representation to navigate through this system is crucial to a timely resolution.

As a taxpayer's balance grows, the state moves to put a lien for the balance due, or to levy wages. The lien becomes a public record, which can impact an individual's credit as well as ability to gain employment. Tax liens don't expire until 20 years