

**Letter of Information – House Bill 396 – Tax - Fees for Electronic Filing of Tax Documents - Prohibition (Free Filing Act of 2023)**

*Economic Matters Committee – February 15, 2023*

- House Bill 396 would prohibit “a tax preparer or software company” from charging “a separate fee for the electronic filing of authorized tax documents.”
- We are appreciative of the sponsors reaching out to the agency for comment - this bill would not impact the administrability of the revenue collection effort undertaken by the Comptroller’s Office, as it would largely affect third-party tax software providers.
- This bill *does*, however, impose a new civil penalty for violations of the prohibition against such fees (escalating from \$500 to \$1000 between the first and subsequent offenses) and affords an opportunity for a hearing with the Comptroller’s Office prior to that penalty being imposed.
  - This creates a new obligation for the Comptroller’s Hearings and Appeals Division, but it’s likely that the impact to the agency would be *de minimis*.
- As always, the Comptroller’s Office is willing and available to discuss these concerns or any questions you may have at your convenience. Please contact Justin Hayes, Legislative Director at [jhayes@marylandtaxes.gov](mailto:jhayes@marylandtaxes.gov) or 410-260-7696.

