

Disclosure of Tax Information – Tax Compliance Activity and Binding Data Use Agreements

SB679

To help close the Tax Gap – the multi-billion-dollar difference between what the State of Maryland is owed in taxes, and what is paid – the Comptroller’s Office needs to partner with other public and private entities with expertise in complex tax compliance. While these relationships will help level the playing field and balance the state’s budget, it is critical to ensure adequate protections are in place for confidential tax data.

What this bill does: This bill has three key components:

1. Authorizes the Office of the Comptroller to enter into data-sharing arrangements with outside entities – such as the Multistate Tax Commission (MTC) and the Northeastern States Tax Officials Association (NESTOA) – to assist our Compliance Division with complex audit activities.
2. Requires a signed data use agreement for any and all data sharing relationships that involve taxpayer information.
3. Reinforces that individuals who come in contact with the disclosed tax data are not permitted to disclose unless expressly authorized in a binding data use agreement.

Why this bill is important: This bill is an important tool for the Office of the Comptroller to be proactive in developing partnerships that will allow the state to close the tax gap. Data partnerships will allow employees of the Comptroller’s Office to leverage outside partnerships to help them be more efficient and effective in their compliance roles.

Further, this bill significantly strengthens Maryland’s protections for confidential tax data by requiring binding data use agreements, and spelling out that unauthorized disclosure -even by people or entities that have a legal right to access the data - is not permitted and punishable under law. This will help the Comptroller’s Office do more to protect the vital data that belongs to Maryland’s taxpayers.



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