



LEGISLATIVE POSITION:

Favorable w/Amendments

House Bill 454

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

Ways & Means Committee

Thursday, February 8, 2024

Dear Chairwoman Atterbeary 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 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

House Bill 454 authorizes the disclosure of taxpayer information by the Comptroller to certain third parties and governmental entities if those entities enter a written, binding data use agreement.

The Maryland Chamber is happy to support HB 454 as this legislation will allow the Comptroller's office to engage outside entities to assist in their audit work while ensuring that taxpayer data remains secure and free of fraud. The Comptroller's team has worked alongside the Maryland Chamber and other members of the business community to further strengthen this legislation through friendly amendments adding definitions, referencing federal Internal Revenue Code for clarity, and specifying that all third-party auditors must be under the responsibility and operate under the direction of the Comptroller.

There are two additional amendments we would ask the committee to consider to further strengthen the Comptroller's ability to complete its audit work in an effective and transparent manner. First, we suggest a new section, 13-203(G), that specifies third-party entities should not be paid on a contingency basis. This new language will prevent the nightmare scenarios which have played out in other states where third parties have produced inaccurate audits to receive greater compensation. We suggest the below language:

(G) A PERSON OR GOVERNMENTAL ENTITY TO WHOM TAX INFORMATION IS DISCLOSED IN ACCORDANCE WITH SUBSECTION (C)(16) OF THIS SECTION:

(1) SHALL NOT BE COMPENSATED ON A CONTINGENCY FEE OR SIMILAR BASIS DETERMINED WITH REGARD TO THE AMOUNT OF A PROPOSED TAX ASSESSMENT OR THE COLLECTION OF A TAX AND/OR ADDITIONS TO TAX.

Second, we would strongly urge the Committee to consider increasing the penalties in the instance of a violation. Currently, a violation subjects that person to a fine not exceeding \$1,000 or imprisonment not exceeding 6 months. The Maryland Chamber suggests increasing the fine to \$5,000 and making it on a *per disclosure* basis. Increased financial penalties will help deter bad actors from releasing taxpayers' personal data.

For these reasons, the Maryland Chamber of Commerce respectfully submits *favorable support of HB 454 with our two suggested amendments*.

