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February 16, 2024

To: The Honorable Brian J. Feldman  
Chair, Education, Energy and the Environment Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: Senate Bill 675 – Individual Tax Preparers – Code of Ethics, Notification of Actions, Enforcements and Penalties (Stop Scam Tax Preparers Act) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 675, a Departmental bill introduced by President Bill Ferguson on behalf of the Office of the Comptroller. This bill prohibits unlicensed tax preparers from preparing tax returns and establishes notification and penalty provisions in the event of unlawful or unlicensed activity by a tax preparer. It further requires a code of ethics and rules of professional conduct to be established and publicly available on the website of the State Board of Individual Tax Preparers.

While professional tax preparation can offer convenience and expertise, it can also come with potential drawbacks such as high fees and the possibility of errors or omissions made by the tax preparer. Errors and omissions are more likely when the tax preparer is not licensed. In Maryland, in order to legally prepare federal income taxes, an individual must obtain and annually renew a Preparer Tax Identification Number from the Internal Revenue Service. An individual must also be registered with the Board of Individual Tax Preparers to prepare State or Federal returns for a fee.

The Consumer Protection Division regularly receives complaints regarding the improper actions of tax preparers. These complaints range from individuals alleging the tax preparer made errors

on their tax returns resulting in fines and penalties, to complaints their taxes were never even filed, as well as misrepresentations concerning a taxpayer's eligibility for a refund and in the promotion of Refund Anticipation Loans. By prohibiting unlicensed tax preparers from submitting returns, the number of errors and complaints should be reduced. Moreover, even licensed tax preparers will be on notice of the code of ethics and rules of professional conduct that should be followed.

For these reasons, the Consumer Protection Division seeks a favorable report on this bill.

**cc:** The Honorable President Bill Ferguson  
The Honorable Brooke Lierman  
Members, Education, Energy and the Environment Committee