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MARYLAND HOUSE WAYS AND MEANS COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF HB0452: INDIVIDUAL TAX PREPARERS – CODE
OF ETHICS, NOTIFICATION OF ACTIONS, ENFORCEMENT, AND
PENALTIES (STOP SCAM PREPARERS ACT)
THURSDAY, FEBRUARY 8, 2024

Chairwoman Atterbeary and distinguished members of the Committee, thank you for the opportunity to testify in support of House Bill 452.

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 FY23, MVLS volunteer and staff lawyers provided legal services to 3,256 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 license, professional licenses, and vehicle registration. For the reasons explained below, MVLS respectfully requests the committee return a favorable report on HB0452.

Of the many reasons why a Maryland Taxpayer might need our assistance, one of the most troublesome reasons is when they have been victimized by a fraudulent or irresponsible tax return preparer. Trusting the wrong preparer to handle one's taxes can not only result in the loss of a refund, but it can also lead to severe penalties, identity theft, and in some cases even further extortion. HB452 is a multi-part bill that would require the State Board of Individual Tax Preparers to publish a Code of Ethics, report actions in response to violations of this code to the Field Enforcement Bureau of the Comptroller's Office, and give the Field Enforcement Bureau the authority to enforce laws governing tax preparation. Penalties for unlicensed tax preparation would also increase, with the proceeds going to the Tax Clinics for Low-Income Marylanders Fund. Together, these provisions will help protect Marylanders from fraudulent tax preparers by improving enforcement against these scammers.