



HB 1390 - Income Tax - Subtraction Modification - Losses From Theft or Fraud
House Ways & Means Committee
March 04, 2025
SUPPORT

Chair Atterbeary, Vice-Chair, and members of the committee thank you for the opportunity to submit testimony in support of House Bill 1390. This bill will establish a subtraction modification under the Maryland income tax for certain personal casualty losses.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

When individuals fall victim to theft or fraud, it is not only an emotional burden but also a financial one. The ability to offset the financial impact of these crimes through tax relief is a vital step in helping families rebuild. House Bill 1390 offers an important mechanism by allowing taxpayers to subtract certain personal casualty losses, including expenses and penalties related to fraud, from their state taxes. This provision is particularly crucial for Maryland's most vulnerable populations, as these communities often lack the resources to recover from financial setbacks caused by fraud or theft.

In many cases, individuals who have been defrauded or robbed are left with limited options for recovery, especially if they do not have the financial cushion to absorb such losses. This bill will provide an essential safety net by offering a way to recoup some of their financial losses, easing the long-term impact of crimes that can otherwise lead to deeper financial instability. By allowing deductions for expenses and penalties related to theft and fraud schemes, the bill helps prevent these financial setbacks from pushing families further into poverty, promoting greater economic resilience in low-income communities.

Additionally, the requirement for a police report to be submitted alongside the taxpayer's return helps ensure that only legitimate claims are made, while also providing a fair and standardized process for all involved. This provision not only supports the integrity of the process but also ensures that those who need help are able to access it.

For these reasons, we urge you to vote in favor of House Bill 1390. It is an important step toward supporting Maryland families in their efforts to maintain financial security and stability.

Thus, we encourage you to return a favorable report for HB 1390.

Creating Assets, Savings and Hope