



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 1390: Income Tax - Subtraction Modification - Losses From Theft or Fraud

Ways and Means Committee
Tuesday, March 4, 2025 - 1:00 PM

In 2023, the Federal Trade Commission reported that consumers lost over \$10 billion to scams, a 14% jump from the previous year. In Maryland, we witnessed over 43,000 fraud reports, with losses adding up to \$164.3 million¹. Imposter scams, fake online shopping deals, and phony investment opportunities are wiping out hard earned life savings and hurting the state's economy.

HB 1390 gives justice to victims of fraud and theft, allowing them to subtract those losses from their taxable income, and helping them recover. The subtraction allowed under this subsection shall be reduced by the amount of any deduction under §165 of the Internal Revenue Code before January 1, 2018. In order to qualify for the subtraction, taxpayers need to attach an official police report establishing that the theft or fraud scheme occurred. This legislation mirrors federal legislation provided by Congressman Jamie Raskin, the "Tax Relief for Victims of Crimes, Scams, and Disasters Act," ensuring victims of fraud and theft are provided relief.

AI innovation and accessibility makes scams even more convincing. In 2024 the FBI issued a warning on AI being used to commit fraud on a much larger scale, from AI-Generated Text to images, to easier customization for larger audiences². From January to August of 2024, Marylanders lost \$54.5 million to cryptocurrency investment scams, according to the FBI³.

Research shows that senior citizens, veterans, and immigrants are more inclined to be taken advantage of by scam and fraud schemes. For example, AARP stated that one-third of active duty military and veterans have resulted in losing money⁴. Therefore, with HB 1390, we will protect some of our state's most vulnerable communities and provide assistance following them falling victim to fraud and theft schemes.

I urge the committee to give HB 1390 a favorable report.

¹ Fraud and scams cost Marylanders more than \$164M last year - The Baltimore Banner

² *Criminals use generative artificial intelligence to facilitate financial fraud*. Internet Crime Complaint Center (IC3) | *Criminals Use Generative Artificial Intelligence to Facilitate Financial Fraud*. (n.d.).

³ FBI. (2024b, September 24). *Cryptocurrency investment fraud a growing problem in Maryland*. FBI.

⁴ Research, J. S. A. (2023, October 24). *Veterans battle surprise attacks from fraud and scams*. AARP.