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Budget and Taxation Committee
Chair, Capital Budget Subcommittee

Chair, Senate Democratic Caucus

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Craig J. Zucker
Senate Bill 766-Property Taxes - Whistleblower Reward Program - Expansion.
March 4th, 2026
1:00pm
Position: Favorable

Good afternoon, Chair Guzzone, Vice Chair Rosapepe, and distinguished members of the Budget and Tax Committee. It is my pleasure to testify today in **support of Senate Bill 766-Property Taxes - Whistleblower Reward Program - Expansion.**

SB 766 builds on legislation passed in 2021 ([SB 0916](#)) that established a whistleblower reward program to incentivize whistleblowers who help the State to detect tax fraud.

Although the vast majority of taxpayers comply with state tax laws, those who don't starve the State of needed revenues and ultimately shift the tax burden onto those who play by the rules.

Background

The 2021 law was modeled on the IRS Whistleblower Office, which has successfully recouped billions of dollars in unpaid taxes for the federal government. In FY 2024 alone, the IRS collected \$474 million in proceeds from cases brought forward by whistleblowers.^[1] Many of these tax code violations would not have been caught without the involvement of whistleblowers.

The U.S. Treasury's Inspector General for Tax Administration found in its review of the IRS program that audits and exams based on whistleblower information were nearly twice as productive as normal IRS examinations.^[2] Cases brought by whistleblowers are also more likely to result in penalties being assessed as compared to other tax fraud cases.

Maryland's whistleblower program has yielded positive returns for the State. For instance, in 2023, investigations instigated by whistleblower complaints yielded \$1.8 million in taxes, interest, and penalties. In 2025, the Comptroller's Office received original information from a whistleblower that resulted in \$1.2 million in taxes, interest, and penalties being assessed. These financial returns are in spite of the program being used very judiciously, with only 15 to 48 cases reported annually by whistleblowers.

^[1] IRS Whistleblower Office, FY 2024 Annual Report

^[2] National Whistleblower Center Letter to the U.S. Senate Finance Committee, July 7, 2020.

Legislative Intent

It was always intended that the 2021 legislation—now law—include all types of taxes. The legislation never specified that the bill should be limited to particular taxes, such as income taxes or other taxes within the Tax General Article. When the bill came before the Senate Budget & Taxation Committee it was never debated that the bill would be limited to whistleblower cases for specific types of taxes.

Moreover, the plain text language of the law clearly states that whistleblowers who provide information resulting in a successful outcome against a taxpayer in a “related action” are covered by the program. Related action is explicitly defined as any administrative or judicial action brought by a State or local agency or entity based on the original information provided by a whistleblower to the Comptroller’s Office.

In spite of this clear legislative intent, the Comptroller’s Office has rejected whistleblower claims that fall outside of the Tax General Article. For example, a single whistleblower filed dozens of complaints alleging that captive insurance companies were evading Maryland taxes. A captive insurance company is essentially a company-owned insurer that allows a parent company to claim insurance premiums as tax deductible business expenses. The whistleblower went to great lengths to research their allegation that these captive insurance companies owe Maryland's 3% premium receipts tax, including incurring out-of-pocket costs for requesting documents through the Maryland Public Information Action. Upon receipt, the Comptroller's Office forwarded these allegations to the Maryland Insurance Administration. Although many of these cases are still being investigated, the MIA has settled with several companies for a total of more than \$1 million. At least 17 companies are still under investigation. The Comptroller’s Office, however, ruled that these cases fall outside the scope of the whistleblower program, meaning the whistleblower who triggered the investigations will receive no reward.

This bill makes clear that Maryland’s Whistleblower Reward Program covers all types of taxes owed to and collected by the State. Additionally there are two amendments to SB 766. The first applies the Act retroactively, subject to certain limitations. The second sets the limitation for whistleblowers who provide original information in a sworn affidavit to the comptroller on or after October 1, 2021. The amendment also permits whistleblowers whose claims were denied by the Comptroller to appeal within 45 days to receive their reward if the tax is imposed under an article of the Maryland Code other than the Tax - General Article. This ensures that any whistleblowers who should have been rewarded after the passing of SB 0916, in 2021, are able to appeal for the reward they were statutorily allowed.

By making clear the scope of the Whistleblower Reward Program, we would ensure that all types of tax fraud can be properly investigated by the State. SB 766 maintains all safeguards that were put in place when the program was established while ensuring that whistleblowers who came forward at great personal risk receive statutorily allowed rewards. For these reasons **I respectfully urge a favorable report on Senate Bill 766.**