



2026 WRITTEN TESTIMONY

INCOME TAX - CREDIT FOR INCOME TAXES AND PENALTIES DUE TO FINANCIAL EXPLOITATION

SB 291 / HB 323 - FAVORABLE

SB 291/HB 323 expands existing law to help elderly Marylanders who have been victimized by financial fraud. These bills amend the Tax-General article by adding a new subsection which allows individuals who have been defrauded or financially exploited into taking early distributions from qualified retirement plans or accounts to remediate their losses. Financial exploitation—particularly of older adults and vulnerable individuals—is a growing and well-documented problem in Maryland. Victims of such misconduct often face the double hardship of losing hard-earned retirement savings and incurring significant state tax penalties for early withdrawal of the defrauded funds. The proposed subsection appropriately recognizes that early distributions taken under these circumstances are not discretionary withdrawals, but rather compelled responses to criminal or abusive conduct.

The bill limits eligibility to documented cases of financial exploitation or abuse, as defined under the Estates & Trusts and Criminal Law Articles, and requires verification from reliable sources such as Adult Protective Services, law enforcement, financial institutions acting under the Maryland Senior Safe Act, or court documentation. Additionally, the subtraction is capped at the lesser of the actual loss or the distribution amount, ensuring that the relief is proportional and not subject to abuse. By aligning Maryland's tax code with principles of equity and victim protection, this amendment would provide meaningful relief to those harmed by financial exploitation while preserving the integrity of the State's revenue system.

Maryland Association for Justice urges a FAVORABLE Report on SB 291 / HB 323.

About Maryland Association for Justice

The Maryland Association for Justice (MAJ) represents over 1,250 trial attorneys throughout the state of Maryland. MAJ advocates for the preservation of the civil justice system, the protection of the rights of consumers and the education and professional development of its members.

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