

SB 291 INFO

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Letter of Information

Senate Bill 291 – Income Tax – Credit for Income Taxes and Penalties Due to Financial Exploitation

*Budget & Taxation Committee
February 3, 2026*

The Comptroller of Maryland is respectfully submitting this letter of information regarding Senate Bill 291 – Income Tax – Credit for Income Taxes and Penalties Due to Financial Exploitation. SB291 allows eligible taxpayers to claim a credit against the State income tax in an amount equal to the tax attributable to an early withdrawal of retirement funds due to financial exploitation.

Our office is currently in the process of migrating more than 3 million individual taxpayers from our legacy mainframe to our new integrated tax system, Maryland Tax Connect. This migration, currently scheduled for August 2026, is the largest and most complex phase of our years-long modernization project.

SB291 creates a new tax credit and will require updating of forms, instructions, programming, and guidance. Our revenue administration division will also be responsible for building out the reporting and validation process. In order to ensure a smooth migration to our new tax system, the Comptroller of Maryland respectfully requests that implementation of SB291 be delayed to apply to all taxable years beginning after December 31, 2026.

In addition, we recommend that the list of information that eligible taxpayers provide to our office (page 2, lines 10 through 23) include “any other information required by the Comptroller.”

Thank you for your consideration. If you have any questions, please reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.

