



February 26, 2026

Legislative Position: Unfavorable  
House Bill 1197  
Taxes - Whistleblower Reward Program - Alterations  
House Ways & Means Committee

Dear Chair Wilkins and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses—from sole proprietors to large international firms—grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber is an effective partner with elected officials and advocates for the interests of the county's business community.

While well-intentioned in its aim to strengthen tax administration through a broader whistleblower reward program, House Bill 1197, as currently drafted, stands to create unintended and harmful consequences for Maryland's small businesses.

1. **Increased Compliance Burdens on Small and Growing Businesses**

By encouraging third-party reporting of alleged tax issues, the bill creates an environment where small business owners, already managing tight margins and limited administrative capacity, will face increased risk of audits, investigations, and costly disputes. Even compliant businesses can be dragged into protracted enforcement actions due to the vague standards for "original information." The fear of whistleblower-driven enforcement will force many small firms to divert scarce resources from job creation and service delivery to defensive tax compliance.

2. **Risk of Frivolous Claims and Business Uncertainty**

A whistleblower reward program by design incentivizes reporting; however, absent strong safeguards, it invites frivolous complaints and opportunistic claims. Small businesses with limited legal and accounting resources will be especially vulnerable to meritless assertions that may never rise to actual liability but still cause stress, expense, and reputational harm during investigation.

3. **Unlevel Playing Field for Maryland Businesses**

In an era where neighboring states are competing aggressively for business investment, Maryland should be wary of policies that increase operational risk. Small companies are already expressing concern about Maryland's tax climate and operating costs. Adding a program that could create uncertainty around tax enforcement serves only to reinforce perceptions that the state is a less friendly environment for small business growth compared with Delaware, Virginia, and Pennsylvania.

In light of these concerns, we urge an unfavorable report **for House Bill 1197**.

Sincerely,

Kristi Simon  
President & CEO  
Howard County Chamber of Commerce