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The Honorable Delegate Jheanelle K. Wilkins
Chair, House Ways and Means Committee
House Office Building
Room 131
6 Bladen Street
Annapolis, MD 21401

Maryland Society of Accounting and Tax Professionals

Re: House Bill 323 - Income Tax – Credit for Income Taxes and Penalties Due to Financial Exploitation

Chair Wilkins and Members of the Committee,

The Maryland Society of Accounting and Tax Professionals represents over 1,400 tax and accounting professionals who collectively serve more than 400,000 Maryland taxpayers and small businesses. We respectfully submit this testimony in opposition to House Bill 323.

While the goal of assisting victims of financial exploitation is understandable, Senate Bill 291 introduces a new income tax credit that adds further complexity to Maryland's tax system.

Taxpayers and tax professionals would be required to determine eligibility, verify the causal link between exploitation and early retirement withdrawals, coordinate federal penalty calculations, and compile extensive third-party documentation to support the credit.

From an administrative standpoint, the Comptroller's Office would need to develop new forms, instructions, guidance, and audit procedures to administer this credit. The fact-intensive nature of financial exploitation claims increases the risk of inconsistent application, disputes, and audit exposure for both taxpayers and practitioners.

Additionally, although the bill is narrowly targeted, it creates differential treatment among victims of financial harm. Individuals who suffer significant losses outside retirement accounts or incur financial harm without triggering early withdrawal penalties would receive no comparable tax relief.

Finally, the Committee should consider the broader fiscal context. Maryland continues to face budgetary pressures, and creating a new credit would further reduce State revenue while benefiting a relatively small number of taxpayers. Alternative approaches outside the tax code, such as victim assistance programs or enforcement and restitution mechanisms may provide more equitable and efficient support without increasing tax system complexity.

For these reasons, the Maryland Society of Accounting and Tax Professionals respectfully urges an Unfavorable Report on House Bill 323.

Respectfully submitted,

Giavante Hawkins

Giavante' Hawkins

