



# *Maryland Senior Citizens Action Network*

## **MSCAN**

*AARP Maryland*

*Alzheimer's  
Association,  
Maryland Chapters*

*Baltimore Jewish  
Council*

*Catholic Charities of  
Baltimore*

*Central Maryland  
Ecumenical Council*

*Church of the Brethren*

*Episcopal Diocese of  
Maryland*

*Housing Opportunities  
Commission of  
Montgomery County*

*Lutheran Office on  
Public Policy in  
Maryland*

*Maryland Association of  
Area Agencies on Aging*

*Maryland Catholic  
Conference*

*Mental Health  
Association of Maryland*

*Mid-Atlantic LifeSpan*

*National Association of  
Social Workers,  
Maryland Chapter*

*Presbytery of Baltimore*

*The Coordinating  
Center*

*MSCAN Co-Chairs:  
Carol Lienhard  
Megan Peters  
410-921-9005*

The Maryland Senior Citizens Action Network (MSCAN) is a statewide coalition of advocacy groups, service providers, faith-based and mission-driven organizations that support policies that meet the housing, health, and quality of care needs of Maryland's low and moderate-income seniors.

**MSCAN supports HB 124.** This bill creates a Maryland income tax subtraction modification for individuals who experience certain personal casualty losses to retirement assets due to theft or fraud. HB 124 is intended to address tax liability for victims of fraud after passage of the federal Tax Cut and Jobs Act of 2017.

The 2017 federal law rescinded the ability for individuals who have had money stolen in a scam to deduct those funds. Maryland's tax law tracks the federal law very closely. Therefore, the federal change also applies to Maryland state taxpayers. As a result, when someone has retirement savings stolen, such as \$100,000 from a 401(k), the loss is treated as a taxable withdrawal rather than a theft, leaving the victim owing thousands of dollars in taxes on money they never received.

Fraud and financial exploitation pose severe risks to older Marylanders, especially those living on fixed or modest incomes. Older adults are disproportionately targeted by scammers, in part because they are often perceived as having more financial assets and may be less familiar with technology. National research also shows that aging-related cognitive changes, social isolation, and declines in financial literacy increase susceptibility to fraud among people over 60. According to the National Institute of Justice, in 2023 more than 101,000 adults aged 60 and older reported fraud to the FBI, highlighting the scale of criminal activity aimed at older adults. The actual number of fraud cases is unknown as many people do not report their victimization, and underreporting is especially high for older adults.

Fraud victims have already experienced financial trauma, and they should not be punished again by being taxed on the money stolen from them. HB 124 would alleviate some of the pain for fraud victims and MSCAN urges a favorable report.