



Letter of Information

House Bill 133 – Income Tax and Sales and Use Tax – Rate Reductions and Alterations *Ways & Means Committee* *February 5, 2026*

The Comptroller of Maryland is respectfully submitting this letter of information regarding House Bill 133 – Income Tax and Sales and Use Tax – Rate Reductions and Alterations. HB133 repeals existing income and sales and use tax rates and replaces them with a flat tax rate of 3%.

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.

Implementation of HB133 would institute broad changes to nearly every tax type administered by the Comptroller of Maryland and would require updates to almost every form, bulletin and guidance released by our office, as well as significant programming, testing and validation in our integrated tax system. Given the scope of these changes, in order to ensure a smooth migration to our new tax system, the Comptroller of Maryland respectfully requests that implementation of HB133 be delayed to apply to all taxable years beginning after December 31, 2027.

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

