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January 20, 2026

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The Honorable Delegate Jheanelle K. Wilkins
Chair, House Ways and Means Committee
House Office Building

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Annapolis, MD 21401

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Maryland Society of Accounting and Tax Professionals

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Re: House Bill 124, Income Tax Subtraction Modification Losses From Theft or Fraud

Andrea Foster
Delegate

Chair Wilkins and Members of the Committee,

Keila Hill-Trawick
Delegate

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 124.

Nicole Moore
Delegate

While the intent to assist victims of theft and fraud is understandable, House Bill 124 introduces a new subtraction modification that would further complicate Maryland's income tax system. Creating a subtraction for a narrowly defined category of loss adds complexity for taxpayers, practitioners, and State administrators alike.

Anthony Pelura
Delegate

John Salan
Delegate

Under this proposal, taxpayers would be required to determine eligibility, calculate the allowable subtraction, and maintain extensive documentation, including police reports and retirement plan records. Tax professionals would also need to navigate interactions with federal Section 165 rules and ensure losses are not double counted. This increases preparation time, audit exposure, and compliance costs for taxpayers and practitioners.

Donya Oneto
Past President

Bob Medbery
Board of Trustees Delegate

The Comptroller's Office would likewise face additional administrative burdens. Implementing this subtraction would require new forms, instructions, guidance, and audit procedures, increasing administrative costs and the risk of errors or disputes.

Giavante' Hawkins
Executive Director

The bill also creates unequal treatment among victims of financial crimes. Individuals who suffer losses involving qualified retirement plan assets would receive State tax relief, while victims of other significant fraud schemes with equally devastating financial consequences would receive no comparable benefit.

Finally, the Committee should consider the broader fiscal context. Maryland is already facing a projected revenue deficit, and allowing an additional subtraction modification would further reduce State revenues without a clear offset or funding mechanism.

We encourage the Committee to consider whether alternative approaches outside the income tax system, such as direct victim assistance programs or enforcement and restitution focused remedies, may offer more consistent and equitable support without further complicating tax administration.

For these reasons, the Maryland Society of Accounting and Tax Professionals respectfully urges an Unfavorable Report on House Bill 124.

Respectfully submitted
Giavante Hawkins
Giavante' Hawkins