



Letter of Information

House Bill 1197 – Taxes – Whistleblower Reward Program – Alterations Ways & Means Committee February 26, 2026

The Comptroller of Maryland is respectfully submitting this letter of information regarding House Bill 1197 – Taxes – Whistleblower Reward Program – Alterations. HB1197 expands the covered enforcement actions under the Whistleblower Reward Program.

The Whistleblower Reward Program (WRP) was established in 2021 as an incentive to the public to report tax improprieties to the Comptroller's office for the purpose of auditing and investigating potential tax fraud. The Comptroller is responsible for administering the program, which provides a monetary reward to a whistleblower who provides original information to the Comptroller that results in a final assessment against a taxpayer.

While the Comptroller is the revenue administrator for the State of Maryland, several tax types fall outside the Comptroller's jurisdiction, such as premium receipts taxes (which are overseen by the Maryland Insurance Administration). In determining how to interpret whistleblower claims related to taxes administered by other agencies, the Comptroller sought advice of counsel, which advised that the WRP is only applicable to taxes collected by the Comptroller under the Tax – General Article.

HB1197 states that covered enforcement actions under the WRP include enforcement actions brought by entities other than the Comptroller. We appreciate the clarity that HB1197 provides regarding the types of claims that may be brought before the WRP. If the WRP is expanded to include these claims, we would also request guidance on the following questions:

- 1. Is HB1197 intended to be retroactive or prospective?** We would appreciate guidance regarding whether HB1197 should only apply to new claims or should retroactively apply to previous claims that have been submitted to the WRP.
- 2. What agency is responsible for initial determination of eligibility for whistleblower claims?** The Comptroller of Maryland does not have the subject matter expertise to render decisions regarding taxes that it does not administer. In cases where the whistleblower claim is regarding a tax or fee not administered by the Comptroller, we would request clarifying language indicating that the administering agency makes this determination.
- 3. How should appeals of contested WRP claims be handled?** The law currently permits appeals of WRP claims to be handled either internally through a hearing procedure



developed by the Comptroller or via the Office of Administrative Hearings (OAH). Given that HB1197 will expand the scope of WRP claims to taxes administered by agencies other than the Comptroller, we would recommend creating a standardized process where all claims appeals are referred to OAH.

We would also appreciate clarity on the source of funds for payment of awards. The monetary award for whistleblower claims is a percentage of the taxes, penalties, and interest collected through enforcement action. To avoid potential litigation between state agencies, if the WRP is expanded to include taxes administered by other agencies, the Committee may wish to consider including language that definitively states which agency is responsible for the payment.

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