



NATIONAL ACTIVE AND RETIRED FEDERAL EMPLOYEES
MARYLAND FEDERATION

EDWARD HOLLAND
PRESIDENT

TERESA BAKER
1st VICE PRESIDENT
LEGISLATIVE DIRECTOR

STEVE GROOM
2nd VICE PRESIDENT
MEMBERSHIP DIRECTOR

MELODY KEBE
SECRETARY

GERALD WILLIAMS
TREASURER

GARY ROUNDTREE
IMMEDIATE PAST PRESIDENT

DR. SUDHA HALEY
PAST PRESIDENT

DAN MCGRATH
PAST PRESIDENT

PAUL K. SCHWARTZ
VICE PRESIDENT REGION II

**Statement of the Maryland Federation of
National Active and Retired Federal Employees
House Ways & Means Committee Hearing, January 29, 2026
On HB 124 – Income Tax – Subtraction Modification –
Losses from Theft or Fraud**

(Position – FAV)

To: Chair Jheanelle K. Wilkins
House Ways & Means Committee

From: Robert Doyle, Chair
State Legislative Committee
NARFE – Maryland Federation

I am pleased to provide our written statement today on behalf of the State Legislative Committee of the National and Active and Retired Federal Employees Association (NARFE) Maryland Federation, representing approximately 317,000 federal annuitants and employees in Maryland. For the continuing benefit of our members and all Maryland seniors, we support and ask you for a favorable report on HB 124 – Income Tax – Subtraction Modification – Losses from Theft of Fraud. We thank Delegate Joe Vogel for introducing this important bill.

HB 124 offers protection for theft and fraud victims by allowing a subtraction modification under the Maryland income tax laws for certain personal casualty losses from assets in a qualified retirement plan arising from a theft or a fraud scheme. The victim can deduct the amount of the loss from her or his Federal Adjusted Gross Income when determining the Maryland Adjusted Gross Income, so no Maryland tax will be paid on the loss. The bill would require the victim claiming the subtraction modification to provide a police report verifying the theft or fraud scheme occurred, and additional evidence of the impacted qualified retirement assets.

Why We Need This Bill

Under current Maryland law, the victim of a financial scam involving retirement funds has insult added to injury. Not only does she or he lose the scammed funds, but the lost funds will be considered as a withdrawal so will be income under Maryland (and Federal) tax laws. Consequently, the victim will owe taxes on the stolen money.

This tax liability situation is a result of the Federal Tax Cut and Jobs Act of 2017 which scrapped a deduction on theft of funds from scams. There is an effort to address this in the Federal tax laws. The Tax Relief for Victims of Crimes, Scams, and Disasters Act, introduced by Reps. Jamie Raskin (D-Maryland) and Jim McGovern (D-Massachusetts) in the current Congress (H.R.3469/S.1773 in the 119th Congress), would reinstate the tax deduction for victims of crimes, natural disasters and other personal casualty losses. Additionally, taxpayers affected after the 2017 law was passed could file an amended return to reflect theft losses.

“There was a perfectly sensible and indeed compelling provision in the tax code, which says if you’ve worked your entire life, you’ve saved up \$600,000 ... and that money gets stolen from you in a scam by a rip-off artist, then you can deduct that money for the purposes of paying taxes....In the Republicans’ efforts to look for money to offset tax cuts for the wealthiest citizens and for big corporations, ... the provision which allows people to deduct the cost of money lost through a scam in a con was eliminated,” Raskin said in an interview. This Federal legislation is pending.¹

Statistics and data demonstrate the need for this bill to help Maryland seniors. Federal Trade Commission data show in Maryland, older residents reported contributing to nearly \$4.9 billion in national fraud losses in 2024, a 43% increase from the previous year, amid 40,000 statewide fraud reports. Nationally, the FTC reported \$12.5 billion in total scam losses for 2024, a 25% increase, with investment fraud and job scams topping the list alongside impersonation schemes. Older adults reported losing \$2.3 billion to fraud overall in 2024, with those 70 and older accounting for much of that figure. The FBI noted a record \$4.9 billion lost by seniors to

¹ Americans lose billions to scams, then get taxed on stolen money, by Michelle Singletary, Washington Post, December 5, 2024, <https://www.washingtonpost.com/business/interactive/2024/scam-elderly-tax-issues-victim-aid-congress/>

scams in 2024, an 11% rise from 2023, with investment scams causing \$1.8 billion in losses for those 60 and up.²

We urge Maryland to pass this bill to offer help to seniors who are the victims of significant financial fraud impacting their retirement savings. Accordingly, we respectfully the Committee issue a Favorable report on HB 124.

Robert M. Doyle, Chair
State Legislative Committee
NARFE – MD Federation
4226 Carvel Lane
Edgewater, MD 21037
bdoyle47@verizon.net
H (410) 798-0079
C/Text (301) 693-1774

² <https://southernmarylandchronicle.com/2025/08/08/ftc-reports-sharp-rise-in-senior-impersonation-scams/>