

## HOUSE BILL 1197

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CF SB 766

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By: **Delegates Palakovich Carr and Feldmark**  
Introduced and read first time: February 11, 2026  
Assigned to: Ways and Means

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### A BILL ENTITLED

1 AN ACT concerning

2 **Taxes – Whistleblower Reward Program – Alterations**

3 FOR the purpose of altering and expanding the type of tax enforcement actions for which a  
4 certain whistleblower may, under certain circumstances, receive a monetary award  
5 for providing certain original information to the Comptroller under the  
6 Whistleblower Reward Program; authorizing the Attorney General and State  
7 agencies to bring a tax enforcement action under the Program; requiring the  
8 Comptroller to provide to the Attorney General or a State agency certain original  
9 information under certain circumstances; requiring the Attorney General and State  
10 agencies to provide to the Comptroller information pertaining to a final assessment  
11 that results from a whistleblower's original information under certain  
12 circumstances; applying the Act retroactively, subject to certain limitations; and  
13 generally relating to the collection and enforcement of taxes in  
the State.

14 BY repealing and reenacting, with amendments,  
15 Article – Tax – General  
16 Section 1–401 through 1–403, 1–405(a), and 1–406  
17 Annotated Code of Maryland  
18 (2022 Replacement Volume and 2025 Supplement)

19 BY adding to  
20 Article – Tax – General  
21 Section 1–401.1  
22 Annotated Code of Maryland  
23 (2022 Replacement Volume and 2025 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
25 That the Laws of Maryland read as follows:

26 **Article – Tax – General**

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1 1-401.

2 (a) In this subtitle the following words have the meanings indicated.

3 (b) "Covered enforcement action" means an enforcement action, INCLUDING A  
4 JUDICIAL OR ADMINISTRATIVE ACTION, brought by the Comptroller, THE ATTORNEY  
5 GENERAL, OR A STATE AGENCY under this OR ANY OTHER article EXCEPT THE LOCAL GOVERNMENT ARTICLE that concerns:

6 (1) (i) the [State and county income] tax liability of an individual  
7 taxpayer or a couple that is married and files jointly whose federal adjusted gross income  
8 is at least \$250,000; or

9 (ii) the [State and county] tax liability of a business, including those  
10 persons who are jointly and severally liable for the [State] tax liability of a business under  
11 this OR ANY OTHER article EXCEPT THE LOCAL GOVERNMENT ARTICLE, the annual gross receipts or sales of which are at least  
12 \$2,000,000; and

13 (2) UNDER REPORTED OR UNREPORTED taxes ~~in dispute~~ exceeding \$250,000.

14 (c) "Original information" means information that:

15 (1) is derived from the independent knowledge or analysis of a  
16 whistleblower;

17 (2) is not known, EITHER ACTUALLY OR CONSTRUCTIVELY, [AS APPLICABLE,] to the Comptroller, THE  
18 ATTORNEY GENERAL, OR A STATE AGENCY, AS APPLICABLE, from any other source, unless the whistleblower is the  
19 original source of the information;

20 (3) is not exclusively derived from an allegation made in a judicial or  
21 administrative hearing, in a governmental report, hearing, audit, or investigation or from  
22 the news media, unless the whistleblower is a source of the information; and

23 (4) is provided to the Comptroller in a sworn affidavit for the first time on  
24 or after October 1, 2021.

25 [(d) "Related action" means any judicial or administrative action brought by a  
26 State or local agency or entity based on the original information provided by a  
27 whistleblower to the Comptroller under this subtitle.]

28 [(e) (D) (1) "Whistleblower" means an individual or entity who provides, or  
29 two or more individuals or entities acting jointly who provide, in accordance with this  
30 subtitle, information to the Comptroller in a sworn affidavit relating to a violation of [State  
31 tax] law THAT IMPOSES A TAX UNDER THIS OR ANY OTHER ARTICLE EXCEPT THE LOCAL GOVERNMENT ARTICLE, including a  
32 rule  
or regulation, that has occurred, is ongoing, or is about to occur.

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1 (2) "Whistleblower" includes an individual who provides ORIGINAL information to a  
2 law enforcement agency before providing the information to the Comptroller, SO LONG AS THE COMPTROLLER, ATTORNEY  
GENERAL, OR A STATE AGENCY HAS NOT COMMENCED AN INVESTIGATION OR AUDIT OF THE TAXPAYER BEFORE THE WHISTLEBLOWER  
PROVIDES ORIGINAL INFORMATION TO LAW ENFORCEMENT.

3 1-401.1.

4 A. THIS SUBTITLE APPLIES ONLY TO A COVERED ENFORCEMENT ACTION FOR  
5 WHICH THE COMPTROLLER, THE ATTORNEY GENERAL, OR A STATE AGENCY IS  
6 AUTHORIZED TO BRING IN THE ENFORCEMENT OF A TAX THAT IS:

7 (1) IMPOSED UNDER THIS OR ANY OTHER ARTICLE EXCEPT THE LOCAL GOVERNMENT ARTICLE; AND

8 (2) COLLECTED BY OR PAID TO THE STATE.

9 B. A WHISTLEBLOWER IS NOT ENTITLED TO AN AWARD

10 (1) UNLESS AND UNTIL THE COMPTROLLER, ATTORNEY GENERAL, OR A STATE AGENCY COLLECTS TAXES,  
PENALTIES, AND INTEREST FROM THE TAXPAYER, AND

11 (2) THE AMOUNT OF THE TAXES, PENALTIES, AND INTEREST RECOVERED FROM THE COVERED ENFORCEMENT  
ACTION EQUALS OR EXCEEDS \$100,00.00.

12 1-402.

13 (a) Subject to the limitations of this subtitle and except as provided in subsection  
14 [(b)] (C) of this section, a whistleblower who voluntarily provides original information to  
15 the Comptroller in a sworn affidavit that, because of the original information, results in COLLECTION FROM a  
16 final assessment, RESTITUTION ORDER, OR OTHER SIMILAR TAX DETERMINATION AND, IF APPEALED, A FINAL DECISION OF THE  
HIGHEST COURT OF ANY STATE OR THE UNITED STATES TO WHICH AN APPEAL IS TAKEN, in a covered enforcement action[, or a  
successful outcome against a  
taxpayer in a related action.] shall be entitled to receive a monetary award of at least 15%  
but not exceeding 30% of the taxes, penalties, and interest collected through the  
enforcement action [or related action].

17 (B) (1) IF A WHISTLEBLOWER PROVIDES ORIGINAL INFORMATION TO THE  
18 COMPTROLLER INVOLVING A TAX FOR WHICH THE ATTORNEY GENERAL OR A STATE  
19 AGENCY IS AUTHORIZED TO BRING A COVERED ENFORCEMENT ACTION, THE  
20 COMPTROLLER SHALL PROVIDE THE ORIGINAL INFORMATION TO THE ATTORNEY  
21 GENERAL OR THE STATE AGENCY, AS APPLICABLE, UNLESS, IN THE SOLE DISCRETION OF THE COMPTROLLER, THE  
INFORMATION PROVIDED IS DEEMED INSUBSTANTIAL.

22 (2) IF, BECAUSE OF A WHISTLEBLOWER'S ORIGINAL INFORMATION,  
23 THE ATTORNEY GENERAL OR A STATE AGENCY BRINGS A COVERED ENFORCEMENT  
24 ACTION THAT RESULTS IN A FINAL ASSESSMENT, AND A COLLECTION OF THE AMOUNT ASSESSED, THE ATTORNEY  
GENERAL OR THE

25 STATE AGENCY SHALL PROMPTLY PROVIDE TO THE COMPTROLLER INFORMATION  
26 PERTAINING TO THE FINAL ASSESSMENT AND THE AMOUNT OF TAXES, PENALTIES, AND INTEREST COLLECTED FOR  
PURPOSES OF MAKING A

27 DETERMINATION UNDER THIS SUBTITLE CONCERNING AN AWARD.

28 [(b)] (C) A whistleblower who provides information to the Comptroller in a  
29 sworn affidavit that is related to original information previously reported to the  
30 Comptroller by another whistleblower who is eligible for an award under subsection (a) of  
31 this section may not be entitled to an award unless the information provided by the  
32 whistleblower materially adds to the information previously reported to the Comptroller.

33 [(c)] (D) If two or more whistleblowers are eligible for an award under subsection  
34 (a) of this section arising out of the same covered enforcement action [or related action]:

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1 (1) the total award may not exceed 30% of the taxes, penalties, and interest  
2 collected through the enforcement action [or related action]; and

3 (2) the Comptroller shall determine the allocation of the award among the  
4 eligible whistleblowers.

(D) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN AWARD GRANTED UNDER THIS SUBTITLE SHALL BE PAID FROM THE REVENUE COLLECTED FROM THE COVERED ENFORCEMENT ACTION, IN THE MANNER PRESCRIBED BY THE COMPTROLLER.

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56 1-403.

67 (a) (1) The determination of ELIGIBILITY FOR AND the amount of an award made in  
accordance with

78 § 1-402 of this subtitle shall be:

(I) EXCEPT AS PROVIDED UNDER ITEM (II) OF THIS PARAGRAPH, solely in the  
discretion of the Comptroller; OR

(II) WITH RESPECT TO ELIGIBILITY OF A WHISTLEBLOWER FOR AN AWARD UNDER THIS  
SUBTITLE FOR PROVIDING ORIGINAL INFORMATION REGARDING TAX LIABILITY UNDER ANOTHER ARTICLE,  
SOLELY IN THE DISCRETION OF THE ATTORNEY GENERAL OR STATE AGENCY AUTHORIZED TO BRING A COVERED  
ENFORCEMENT ACTION BASED ON THAT ORIGINAL INFORMATION.

89 (2) In determining the amount of the award, the Comptroller shall  
90 consider:

101 (i) the significance of the information provided by the whistleblower  
1112 to the success of the covered enforcement action [or related action];

1213 (ii) the degree of assistance provided by the whistleblower and any  
1314 legal representative of the whistleblower in the covered enforcement action [or related  
1415 action];

1516 (iii) the amount of the unpaid taxes owed the State that ~~may be~~ ARE  
1617 recovered under the covered enforcement action [or related action];

1718 (iv) the interest of the State in deterring violations of this AND ANY  
1819 OTHER article and promoting the reporting by whistleblowers of information relating to  
1920 those violations; and

2021 (v) any additional relevant factors that the Comptroller may  
2122 establish by regulation.

2223 (b) An award may not be provided to a whistleblower if the Comptroller  
2324 determines that the whistleblower:

2425 (1) is, or was at the time that the whistleblower acquired the original  
2526 information provided to the Comptroller, a member, an officer, or an employee of a federal,  
2627 state, or local law enforcement agency responsible for the enforcement of tax-related  
2728 matters;

2829 (2) was convicted of a criminal violation related to the covered enforcement  
2930 action [or related action] for which the whistleblower otherwise could receive an award  
3031 under this section;

3132 (3) could have been convicted of a criminal violation or held personally  
3233 liable for the tax liability related to the covered enforcement action [or related action] for  
3334 which the whistleblower otherwise could receive an award under this section had the

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1 whistleblower provided the original information before the expiration of any applicable  
2 statute of limitations for prosecution or assessment of the whistleblower; [or]

3 (4) when submitting information under this subtitle, knowingly and  
4 willfully made false, fictitious, or fraudulent statements to the Comptroller or used any  
5 false writing or document knowing the writing or document contained a false, fictitious, or  
6 fraudulent statement or entry [;]

7 (5) ACQUIRED THE ORIGINAL INFORMATION ILLEGALLY OR DURING THE COMMISSION OF AN ILLEGAL ACT; OR  
8 (6) IS CURRENTLY OR WAS AT THE TIME THE TAXES WERE UNDER REPORTED OR UNPAID AN OFFICER OF A CORPORATION,  
9 A MEMBER OF A LIMITED LIABILITY COMPANY, A PARTNER IN A PARTNERSHIP, OR ANY PERSON OR ENTITY ASSOCIATED  
10 OR AFFILIATED WITH AN ENTITY WHO WAS OBLIGATED TO ENSURE THAT THE TAXES WERE PAID.

11 (c) (1) A determination of the Comptroller, ATTORNEY GENERAL, OR STATE AGENCY  
12 under this section may be  
13 challenged in accordance with Title 10, Subtitle 2 of the State Government Article if the  
14 challenge is brought within 45 days of the date of the determination.

15 (2) In bringing a challenge in accordance with paragraph (1) of this  
16 subsection, the whistleblower may not challenge:

17 (i) the decision to conduct or the method of conducting an  
18 investigation arising from the original information provided by the whistleblower;  
19 (ii) THE COMPTROLLER'S DECISION NOT TO FORWARD INFORMATION PROVIDED BY A WHISTLEBLOWER TO THE ATTORNEY GENERAL  
20 OR A STATE AGENCY BASED ON ITS DETERMINATION THAT THE INFORMATION IS INSUBSTANTIAL;

21 (iii) (iii) the amount of any unpaid taxes, penalties, or interest due to the  
22 State arising from the original information provided by the whistleblower;

23 (iii) (iv) the result of a covered enforcement action [or related action]  
24 arising from the original information provided by the whistleblower; [or]

25 (iv) (v) any settlement between the State and a person having a tax  
26 liability that arises from the original information provided by the whistleblower; [; OR  
27 (v) THE AMOUNT OF ANY AWARD RELATIVE TO THE AMOUNT OF THE UNPAID TAXES, PENALTIES, OR INTEREST DUE TO THE  
28 STATE ARISING FROM THE ORIGINAL INFORMATION PROVIDED BY THE WHISTLEBLOWER.

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29 (3) A HEARING UNDER THIS SUBSECTION SHALL BE CONDUCTED BY THE OFFICE  
30 OF ADMINISTRATIVE HEARINGS.

31 1-405.

32 (a) A current or prospective employer, contractor, or agent may not discharge,  
33 demote, suspend, threaten, or harass, directly or indirectly, or in any other manner  
34 discriminate or retaliate against an individual in the terms and conditions of employment  
35 because of a lawful act done by that individual:

36 (1) in providing information to the Comptroller or a law enforcement  
37 agency concerning a possible violation of [State tax] law THAT IMPOSES A TAX UNDER  
38 THIS OR ANY OTHER ARTICLE, EXCEPT THE LOCAL GOVERNMENT ARTICLE, including a rule or regulation, that has occurred, is  
39 ongoing, or is about to occur;

40 (2) in initiating, testifying in, or assisting in an investigation or [judicial or  
41 administrative] COVERED ENFORCEMENT action [of the Comptroller or law enforcement  
42 agency or a related action];

43 (3) in reporting a violation of this [title] OR ANY OTHER ARTICLE, EXCEPT THE LOCAL GOVERNMENT ARTICLE to  
44 another governmental entity or to a director, supervisor, or compliance officer of the  
45 employer, contractor, or agent; or

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1 (4) in refusing or declining any agreement that would provide for  
2 arbitration of claims arising under this OR ANY OTHER article **EXCEPT THE LOCAL GOVERNMENT ARTICLE.**

3 1-406.

4 Nothing in this subtitle may be construed to:

5 (1) preempt, limit, or restrict the authority or discretion of the Comptroller  
6 to investigate or enforce a violation of this OR ANY OTHER article;

7 (2) limit any power otherwise granted in this article or other laws to the  
8 Comptroller, Attorney General, State agencies, or local governments to investigate or  
9 enforce possible violations of this OR ANY OTHER article;

10 (3) authorize a private right of action involving a violation of this OR ANY  
11 OTHER article, except as specifically authorized in this OR ANOTHER article;

12 (4) prevent or prohibit a person from voluntarily disclosing any  
13 information concerning a violation of this OR ANY OTHER article to any law enforcement  
14 agency or self-regulatory organization; or

15 (5) preempt, limit, restrict, or otherwise affect the rights and rewards  
16 provided to qui tam plaintiffs under the Maryland False Claims Act.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) This Act shall be construed to apply retroactively and shall be applied to and interpreted to affect the provision of original information by a whistleblower in a sworn affidavit to the Comptroller on or after October 1, 2021.

(b) (1) This subsection applies to a whistleblower who voluntarily provided original information to the Comptroller in a sworn affidavit before the effective date of this Act that pertains to a tax that is imposed under an article of the Annotated Code of Maryland other than the Tax – General Article.

(2) If the original information provided by the whistleblower results in a successful outcome against a taxpayer in a covered enforcement action, as defined under § 1-401 of the Tax – General Article, as enacted by Section 1 of this Act, the whistleblower may be entitled to receive a monetary award in accordance with § 1-402 of the Tax – General Article, notwithstanding the thresholds under § 1-401(b) of the Tax – General Article.

(3) If the whistleblower was determined to be ineligible for a monetary award under Title 1, Subtitle 4 of the Tax – General Article before the effective date of this Act, the whistleblower may appeal the determination in accordance with § 1-403(c) of the Tax – General Article, as enacted by Section 1 of this Act, if the appeal is brought within 45 days after the effective date of this Act.

17 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 2026.

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