

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 86
Ways and Means

(Delegate Qi)

Budget and Taxation

Disclosure of Tax Information – Maryland Small Business Retirement Savings Board – Authorization

This bill adds the following to the list of persons able to receive specified tax information: the Maryland Small Business Retirement Savings Board and its authorized contractors for the purpose of administering the Maryland Small Business Retirement Savings Program and Trust. **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: None. The bill does not significantly affect State operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Any tax information that is disclosed to the Maryland Small Business Retirement Savings Board and its authorized contractors (1) must include only the following tax information including (a) the business entity’s federal employer identification number; (b) the name of the business entity; (c) the physical address of the business entity; (d) the mailing address of the business entity; and (e) the business entity’s contact name, e-mail address, and phone number; (2) must only be disclosed to the extent that the Comptroller has received the requested information from State tax filings; (3) need not be validated by the Comptroller prior to disclosure to the Maryland Small Business Retirement Savings Board and its authorized contractors; (4) may not include any information the Comptroller is prohibited from disclosing or redisclosing under federal

law; (5) may not include tax information of individuals; (6) may be used only for the specific purpose authorized by the Comptroller; and (7) in addition to any other protections and safeguards under law, must be subject to any protections and safeguards set forth by the Comptroller in the written authorization.

Current Law: Tax information may be disclosed to the following persons: (1) an employee or officer of the State who, by reason of that employment or office, has the right to the tax information; (2) another tax collector; (3) the Maryland Tax Court; (4) a legal representative of the State, to review the tax information about a taxpayer who applies for review, who appeals from a determination, or against whom an action to recover tax or a penalty is pending or will be initiated; (5) any license issuing authority of the State required by State law to verify through the Comptroller that an applicant has paid all undisputed taxes and unemployment insurance contributions payable to the Comptroller or the Secretary of Labor or that the applicant has provided for payment in a manner satisfactory to the unit responsible for collection; (6) specified local officials; (7) specified federal officials; (8) the Maryland Department of Health in accordance with the federal Children's Health Insurance Program Reauthorization Act of 2009; (9) the State Board of Individual Tax Preparers; (10) the Alcohol and Tobacco Commission; (11) the Emergency Number Systems Board; (12) a person or governmental entity authorized by the Comptroller in writing to receive tax information for the purpose of identifying, preventing, or responding to fraud, provided that the tax information is (a) anonymized to the extent possible consistent with the information's intended use, and (b) in addition to any other protections and safeguards under law, subject to any protections and safeguards set forth by the Comptroller in the written authorization; and (13) the Maryland Higher Education Commission.

Maryland Small Business Retirement Savings Program

Chapters 323 and 324 of 2016 established the Maryland Small Business Retirement Savings Program and Trust, which required specified private-sector employers to make the program available to their employees. Employers who participate in the program or otherwise offer a retirement savings arrangement to their employees as specified under the law are exempt from the State's annual filing fee for corporations and business entities once the program is operational. The program began operating statewide September 15, 2022.

State Fiscal Effect: The bill allows the Maryland Small Business Retirement Savings Board to access certain tax information so that the program may operate more effectively. The State Treasurer's Office reports that the bill will help to expand access to the program, streamline the registration process for business owners, and create a more efficient means for tracking employers. The Comptroller's Office can handle any additional workload resulting from the expanded disclosure authorization with existing resources.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 189 (Senator Rosapepe) - Budget and Taxation.

Information Source(s): Comptroller's Office; State Treasurer's Office; Department of Legislative Services

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