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Testimony of Delegate Samuel I. Rosenberg
Before the House Ways and Means Committee
In Support Of

House Bill 421

Income Tax Distribution – Tax Clinics for Low-Income Marylanders

Madame Chair and Members of the Committee:

Simply forgetting to, or having a mistake in, filing can amount to an avalanche, burying the filer beneath a mountain of debt, credit penalties, and excessive court fees. Therefore, there is substantial value in providing low income Marylanders with legal representation on tax issues.

Currently, Maryland's two law schools receive federal funds to aid Marylanders with tax issues, but only if those issues are with federal taxes. Only the Maryland Volunteers Lawyers Service offers help with state taxes, but it incurs a cost to provide this service. House Bill 421 would establish a funding source to increase legal assistance regarding filling state taxes for low-income Marylanders.

House Bill 421 would save many Marylanders from the stress and financial burden of misfiled taxes and enforcement actions by the Comptroller's Office. By directing additional funds to the three tax clinics in the state - at the University of Maryland Francis King Carey School of Law, the University of Baltimore Law School, and Maryland Volunteer Lawyers Service's Low Income Taxpayer Clinic, we would take care of our citizen who need it most. Each of the three clinics would receive one-third of the money in the fund under the amendment that I have offered.

Legal representation is essential to taxpayers' successful resolution of their tax issues. Assistance from the clinics enables the taxpayer to receive support, such as hardship liability waivers, offers-in-compromise (OIC), and sustainable, affordable installment agreements, which may be difficult, or near impossible, to receive without legal counsel.

These obscure solutions require the knowledge that lawyers and student-lawyers who are familiar with the process are well suited to provide. This legislation would also provide an unparalleled learning opportunity for aspiring lawyers.

Last year, this committee, and the House, passed similar legislation but with a different funding source. Various stakeholders, including the Comptroller's Office, have come to agreement on the funding source for these clinics.

House Bill 454 of 2020 mandated the money come from undisputed taxes collected by the Motor Vehicle Administration to be transferred to this special fund. Under House Bill 421, the money would be redirected from income tax revenue, the state budget, and other sources accepted for the fund. The Comptroller is to distribute the money to the fund after making other required distributions specified under §§ 2-604 through 2-608.1 of the Tax – General Article.

Low-income taxpayers deserve a fair chance to have a zealous advocate where the system currently provides none.

I urge the Committee to issue a favorable report on House Bill 421.

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