

**TESTIMONY OF JANICE SHIH
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IN SUPPORT OF SB660

BUDGET AND TAXATION COMMITTEE

March 9, 2023

Good afternoon Chair Guzzone, Vice Chair Rosapepe and members of the Budget and Taxation Committee. My name is Janice Shih and I am currently the Director of the Low Income Taxpayer Clinic (LITC) at the University of Baltimore School of Law. Thank you for this opportunity to testify in support of Senate Bill 660.

I testified recently in support of a bill funding Maryland Tax Clinics. I am here today to support another bill which would also impact Maryland taxpayers, and that is Establishing the Taxpayer Advocate Division in the Office of the Comptroller to assist taxpayers and their representatives in resolving certain taxpayer problems and complaints and represent taxpayers' interests in a certain manner.

In my previous role as Director of the LITC at Maryland Volunteer Lawyers Service, I assisted dozens of low-income taxpayers in navigating the maze that is the Maryland Comptroller's Office. Now, as a professor at the law school, I am teaching future attorneys how to assist clients with state tax issues. This is no easy task – as the Office of the Maryland Comptroller offers no consistency nor transparency to their processes and protocols.

My basis of comparison is the Internal Revenue Service (IRS). The IRS has an established Taxpayer Advocate Service, which is an independent organization within the IRS working on behalf of the taxpayers. It is an internal watchdog department, exposing problems within the IRS and offering solutions and suggestions to Congress on how to fix these problems. Indeed, this is the very department that funds our clinic's existence – our clinic exists to assist taxpayers with IRS issues; we are paid to fight the IRS, to point out problems and to educate taxpayers. Twenty-nine states have now followed this lead, including our neighbors of Pennsylvania, Virginia and the District of Columbia.

Maryland currently lacks any objective oversight. The IRS has the Internal Revenue Manual (IRM) which details how every issue is to be approached; it provides which gives specific instructions on how an IRS employee should respond, and can be used as a basis of a complaint if the proper procedure is not followed. The Office of the Maryland Comptroller has no such

manual, and as such, there is no consistency. Responses to an inquiry can depend on which employee you speak to, and what mood they are in that day (who answers the phone is by luck of the draw; I personally had my favorites, and knew it was going to be a good day when they answered). Taxpayer decisions should not be subject to the capricious whims of Comptroller employees.

In addition, the Maryland tax community is a small one, and attorneys often move from private practice to government employee, and vice versa. Representatives of taxpayers who have “inside connections” are treated preferentially, as their attorneys call their former colleagues for assistance. Although our low-income tax clinics have been lucky enough to have systems set up for assistance, not all taxpayers have this available to them. Even still, there are times when we representatives still get stuck, and must reach out to the IRS Taxpayer Advocate for assistance. Having this option for Maryland taxpayers would create faster resolution of cases and increased compliance overall.

Just as the US Constitution has a Bill of Rights, the IRS has codified a Taxpayer Bill of Rights, which includes the following ten enumerated rights: The Right to Be Informed, The Right to Quality Service, The Right to Pay No More than the Correct Amount of Tax, The Right to Challenge the IRS’s Position and Be Heard, The Right to Appeal an IRS Decision in an Independent Forum, The Right to Finality, The Right to Privacy, The Right to Confidentiality, The Right to Retain Representation, and The Right to a Fair and Just Tax System. These rights can be used to challenge IRS decisions regarding decisions on taxpayer issues. Compare this to Maryland’s Taxpayer Bill of Rights, which states “fair and courteous treatment under the law.” How does one define that?

Maryland taxpayers deserve better. Just as we at the Maryland Tax Clinics are set up to help low-income Marylanders navigate the Byzantine labyrinth of the Comptroller’s office, a state Taxpayer Advocate would be able to assist not only our clients, but all Marylanders with a tax problem. It would provide oversight to the system, and improve compliance, and ultimately, improved revenue. The Maryland state tax system, like the US system, is a voluntary one, requiring faith in the fairness of our system. Creating an independent state Taxpayer Advocate would further this consistency and demonstrate the state’s commitment to Maryland taxpayers.

I applaud Comptroller Lierman’s legislation to Establishing the Taxpayer Advocate Division, as it is long overdue. I urge you to vote favorably on this bill. Thank you for your time and consideration.