

2024 Legislative Report



MARYLAND SOCIETY OF ACCOUNTING AND TAX PROFESSIONALS



Introduction

Dear MSATP Members,

As the 2024 legislative session has come to a close, I wanted to provide you with an update on the advocacy work the Maryland Society of Accounting and Tax Professionals (MSATP) did on your behalf. Our top legislative priorities for 2024 were carefully crafted to align with our mission to support and protect our members' businesses, advocate for the profession, and ensure the highest standards of professional integrity.

Our top priorities were:

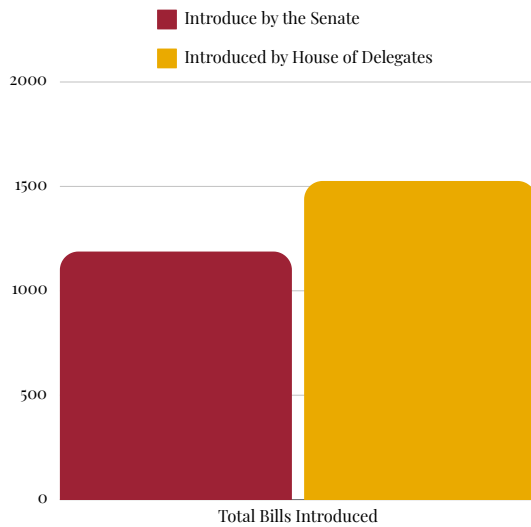
- **Opposing complex tax reapportionment schemes like the throwback rule and mandatory unitary combined reporting. We advocated for a more straightforward and favorable tax environment that benefits all our members.**
- **Standing against the expansion of sales tax on services, which could have negatively impacted small and mid-sized businesses. We aimed to protect our members from potential financial stress and advocate for their economic well-being.**
- **Pushing for a thorough evaluation of Maryland's de-coupling provisions. We believe it's crucial that state tax policies align well with federal regulations to create a predictable and manageable tax environment.**
- **Advocating for clear and permanent rules regarding the tax implications of remote work. As the work environment becomes increasingly digital and flexible, we wanted to ensure our members could reliably advise clients and manage their businesses effectively.**
- **Encouraging the exploration of alternatives to raising taxes, such as balancing revenue generation with economic growth and spending cuts. This stance was taken to protect the interests of small and mid-sized businesses and foster an environment where member firms can prosper.**
- **Guarding taxpayers against deceptive tax practices and scams, especially those targeting the elderly. We advocated for measures to prevent these practices, protect the public, and uphold the ethical standards of our profession.**

We are proud of the work we accomplished this legislative session and remain committed to creating a supportive legislative environment that allows your businesses to thrive while upholding the highest standards of professional integrity. As always, we value your membership and support.

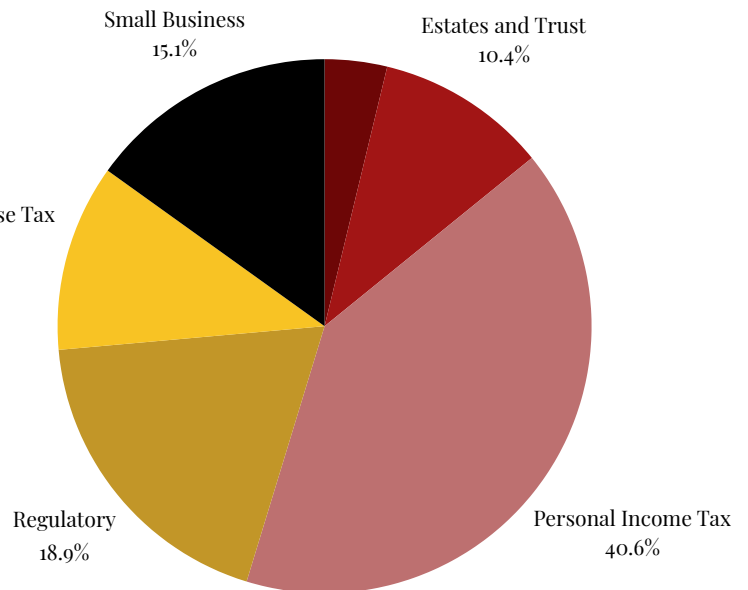
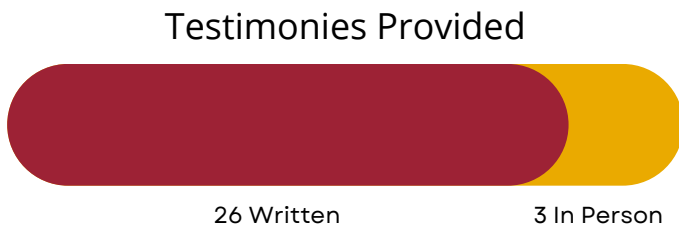
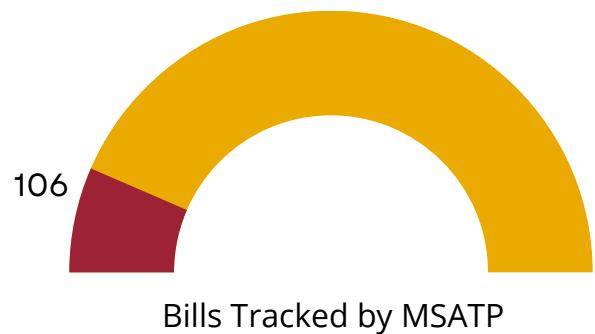
Thank you for being a part of MSATP.
Sincerely,

Gigi Hawkins, Executive Director, MSATP

Session 2024 by the Numbers



There were a total of 1,188 bills introduced by the Senate and 1,526 bills introduced by the House of Delegates



Categories of the 106 Bills Tracked

Corporate Income Tax



HB 0749 / SB 0400

Corporations and Associations -- Definitions, Emergencies, and Outstanding Stock -- Revisions

Details: Authorizes a corporation to adopt emergency bylaws, clarifies provisions related to a corporation's acquisition of its own stock, and alters specified definitions.

- Implications: Provides clarity and flexibility for corporations in emergency situations and stock acquisition.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0608 and 0609)

Estates and Trusts

HB 0326 / SB 0080

Estates and Trusts -- Appointment of Personal Representative -- Objections

Details: Limits those who may object to the appointment of a personal representative to "all interested persons or unpaid claimants" in the notice of appointment published by the register of wills.

- Implications: Streamlines the process of appointing personal representatives by narrowing the scope of potential objectors.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0319 and 0318)

HB 0325 / SB 0164

Estates and Trusts -- Interested Person -- Definition

Details: Alters the definition of an "interested person" in the Estates and Trusts Article by adding a surviving spouse who has timely filed an election to take an elective share and a person who timely files a petition to caveat a will, and establishing that an assignee of a legatee or an heir is not an interested person.

- Implications: Clarifies and updates the definition of "interested person" in estate and trust matters.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0316 and 0317)

Personal Income Tax



HB 0646 / SB 0108

Income Tax -- Subtraction Modification -- Police Auxiliary and Reserve Volunteers

Details: Increases the subtraction modification for police auxiliaries and reserve volunteers from \$5,000 to \$7,000, consistent with the value for volunteer fire, rescue, and emergency services personnel.

- Implications: Provides a greater tax benefit for police auxiliary and reserve volunteers.
- **MSATP Position: In Favor**
- Bill Status: Passed and signed by the Governor (Chapters 0015 and 0016)

SB 0394

Catalytic Revitalization Project Tax Credit Alterations

Details: Makes various alterations to the catalytic revitalization project tax credit, including allowing recipients to claim the full credit amount in the tax year the certificate was issued for phased projects.

- Implications: Provides more flexibility and benefits for catalytic revitalization projects.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0159)

HB 0447 / SB 0440

Income Tax Credit -- Venison Donation

Details: Re-establishes the venison donation income tax credit with modifications, allowing hunters who donate antlerless deer to claim a credit of up to \$75 per deer, with an annual cap of \$300 per individual.

- Implications: Incentivizes the donation of venison to charitable organizations while providing a tax benefit to hunters.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0770 and 0769)

Personal Income Tax (cont.)



HB 0490

Income Tax -- Subtraction Modification for Donations to Diaper Banks and Other Charitable entities -- Sunset Repeal

Details: Extends the State income tax subtraction modification for donations of disposable diapers, other hygiene products for infants and children, feminine personal hygiene products, or cash to diaper banks and other qualified charitable entities through tax year 2026.

- Implications: Encourages donations to diaper banks and similar charities by providing a tax benefit to donors.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0784)

SB 0822

Income Tax -- Subtraction Modification -- State Law Enforcement Officers

Details: Expands eligibility for the existing subtraction modification for law enforcement officers who reside in qualifying political subdivisions with specified crime rates to include State law enforcement officers.

- Implications: Provides a tax benefit to State law enforcement officers living in certain high-crime areas.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0908)

HB 1064 / SB 0897

Income Tax Subtraction Modification -- Death Benefits -- Law Enforcement Officers and Fire Fighters

Details: Allows a subtraction modification for death benefit payments from a county or municipality to the surviving spouse or other beneficiary of a law enforcement officer or firefighter whose death arises out of or in the course of employment, applying retroactively to tax years beginning after December 31, 2021.

- Implications: Provides tax relief for families of fallen law enforcement officers and firefighters.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0416 and 0417)

Personal Income Tax (cont.)

HB 0845 / SB 1105

Income Tax -- Individual Income Tax Credit Eligibility Awareness Campaign

Details: Requires the Comptroller to implement an awareness campaign to identify underserved individuals who may be eligible for individual income tax credits and encourage them to apply. Allows data sharing agreements with other State agencies and includes annual funding for the campaign.

- Implications: Promotes awareness and uptake of available tax credits among underserved populations.
- **MSATP Position: In Favor**
- Bill Status: Passed and signed by the Governor (Chapters 0725 and 0726)

HB 0453 / SB 0678

Income Tax -- Technical Corrections

Details: Repeals obsolete provisions relating to the distribution of income tax revenue and corrects an erroneous cross-reference relating to the catalytic revitalization project tax credit.

- Implications: Clarifies and updates the tax code by removing outdated provisions and fixing errors.
- **MSATP Position: In Favor**
- Bill Status: Passed and signed by the Governor (Chapters 0723 and 0724)



Regulatory

SB 0288

State Board of Individual Tax Preparers -- Sunset Extension

Details: Extends the termination date for the State Board of Individual Tax Preparers by one year, to July 1, 2027, subject to the evaluation and re-establishment provisions of the Maryland Program Evaluation Act.

- Implications: Allows the State Board of Individual Tax Preparers to continue operating and regulating the profession for an additional year.
- **MSATP Position: In Favor**
- Bill Status: Passed and signed by the Governor (Chapter 0398)

HB 0451

Tax Assistance for Low-Income Marylanders -- Funding

Details: Reinstates an annual distribution from the State's Unclaimed Property Fund to the Tax Clinics for Low-Income Marylanders Fund at an increased amount of \$500,000 and increases the annual mandated appropriation for the Creating Assets, Savings, and Hope (CASH) Campaign of Maryland, with a portion to be used for grants to provide tax assistance through on-demand or mobile tax clinics serving senior populations, rural communities, or under-resourced communities.

- Implications: Provides increased funding for tax assistance programs targeting low-income and underserved populations.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0727)



Regulatory (cont.)



SB 1142

Tax Assistance for Low-Income Marylanders -- Funding

Details: Similar to HB 0451, requires the Comptroller to distribute \$500,000 annually from the remaining net abandoned property funds to the Tax Clinics for Low-Income Marylanders Fund and increases the annual appropriation for the CASH Campaign of Maryland to \$800,000, with a portion for grants to provide tax assistance through on-demand and mobile tax clinics.

- Implications: Provides increased funding for tax assistance programs targeting low-income and underserved populations.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0804)

HB 0452 / SB 0675

Individual Tax Preparers -- Code of Ethics, Notification of Actions, Enforcement, and Penalties (Stop Scam Tax Preparers Act)

Details: Requires the State Board of Individual Tax Preparers to publish a code of ethics and rules of professional conduct, notify the Comptroller's Office of specified actions and violations, grants enforcement powers to the Field Enforcement Bureau, and prohibits willfully preparing tax returns without proper licensing or registration, subject to penalties.

- Implications: Strengthens the regulation and enforcement of individual tax preparers to combat fraudulent practices and protect taxpayers.
- **MSATP Position: In Favor**
- Bill Status: Passed and signed by the Governor (Chapters 0731 and 0732)



Regulatory (cont.)

HB 0454 / SB 0677

Disclosure of Tax Information -- Tax Compliance Activity and Binding Data Use Agreements

Details: Authorizes the disclosure of tax information to assist the Comptroller in tax compliance activity, requires parties receiving confidential tax information to enter into binding data use agreements, and establishes penalties for unauthorized disclosure.

- Implications: Facilitates tax compliance efforts while protecting the confidentiality of taxpayer information.
- **MSATP Position: In Favor**
- Bill Status: Passed and signed by the Governor (Chapters 0728 and 0730)

HB 0455 / SB 0677

Comptroller -- Electronic Tax and Fee Return Filing Requirements

Details: Requires the electronic filing of specified fee and tax returns, including tire recycling fees, bay restoration fees, admissions and amusement taxes, alcoholic beverage taxes, digital advertising gross revenues taxes, motor fuel taxes, sales and use taxes, tobacco taxes, income tax withholding returns, pass-through entity income tax returns, corporate income tax returns, and individual income tax returns, subject to certain exceptions and phase-in periods. Prohibits tax return preparers and software companies from charging separate fees for electronic filing.

- Implications: Mandates electronic filing for various tax and fee returns, streamlining the filing process and reducing paper-based submissions. Protects taxpayers from additional fees for electronic filing.
- **MSATP Position: In Favor**
- Bill Status: Passed and signed by the Governor (Chapters 0729 and 0730)

Regulatory (cont.)



HB 1068 / SB 0577

Income Tax -- Opportunity for Filers to Register to Make Anatomical Gift

Details: Requires the Comptroller to implement procedures allowing individuals filing a Maryland resident individual income tax return electronically to register to make an anatomical gift through a hyperlink to the anatomical gift donor registry.

- Implications: Provides a convenient opportunity for taxpayers to register as organ donors while filing their income tax returns.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0190 and 0189)

HB 1304

Maryland Department of Health and Department of Aging -- Earned Income Tax Credit -- Distribution of Information and Training

Details: Requires the Maryland Department of Health to develop a process for providing information about the State's earned income tax credit to enrollees and potential enrollees in specified programs and individuals receiving specified services. Requires the Maryland Department of Aging to provide periodic training to the Maryland Access Point network to increase awareness of the State's earned income tax credit.

- Implications: Promotes awareness and uptake of the earned income tax credit among individuals interacting with the Maryland Department of Health and Department of Aging.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0376)

Small Business



HB 0385 / SB 0038

Wage Payment and Collection -- Pay Stubs and Pay Statements -- Required Information

Details: Expands the information that employers must provide to employees for each pay period, including the employer's name, address, and telephone number; dates of the pay period; hours worked; rates of pay; gross and net pay; deductions; and additional bases of pay. Requires the Commissioner of Labor and Industry to create a pay stub template for employers to use and establishes enforcement provisions and penalties for violations.

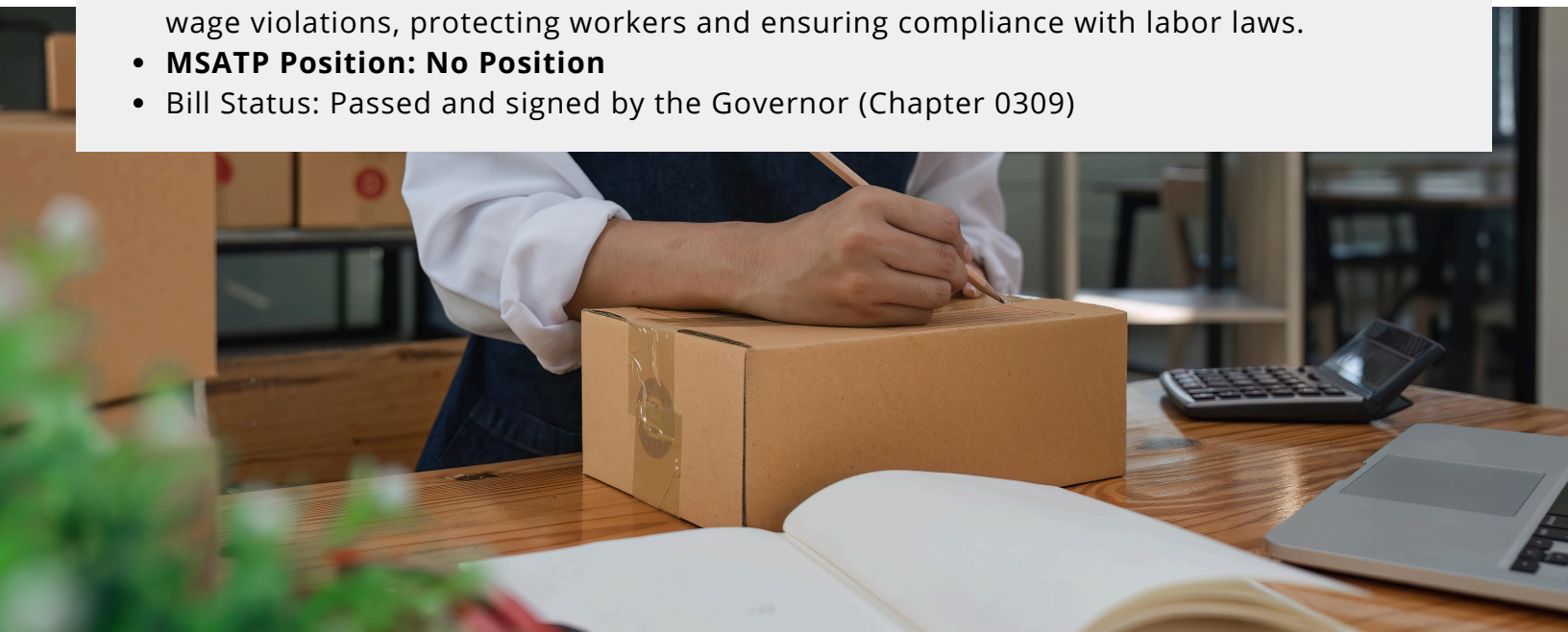
- Implications: Ensures that employees receive comprehensive pay information from their employers and provides a standardized template for compliance.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0306 and 0305)

HB 0465

Workplace Fraud and Prevailing Wage -- Violations -- Civil Penalty and Referrals

Details: Increases the maximum civil penalty for knowingly misclassifying employees under the Workplace Fraud Act and requires the Commissioner of Labor and Industry to refer Workplace Fraud Act or State Prevailing Wage Law violations to various agencies for investigation and enforcement.

- Implications: Strengthens enforcement against employee misclassification and wage violations, protecting workers and ensuring compliance with labor laws.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0309)



Small Business (cont.)



HB 0571 / SB 0485

Family and Medical Leave Insurance Program -- Modifications

Details: Modifies the Family and Medical Leave Insurance (FAMLI) Program by altering key administrative deadlines, definitions, and components of the program's administration, and authorizing the Maryland Department of Labor to adopt regulations establishing fees for private employer plans. Delays the start dates for required contributions and benefit payments.

- Implications: Adjusts the implementation timeline and administration of the FAMLI Program, providing more time for employers and the State to prepare for the new program.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0267 and 0266)

HB 0465

Workplace Fraud and Prevailing Wage -- Violations -- Civil Penalty and Referrals

Details: Increases the maximum civil penalty for knowingly misclassifying employees under the Workplace Fraud Act and requires the Commissioner of Labor and Industry to refer Workplace Fraud Act or State Prevailing Wage Law violations to various agencies for investigation and enforcement.

- Implications: Strengthens enforcement against employee misclassification and wage violations, protecting workers and ensuring compliance with labor laws.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0309)

Small Business (cont.)



HB 0649 / SB 0525

Labor and Employment -- Equal Pay for Equal Work -- Wage Range Transparency

Details: Expands the applicability, requirements, and penalties of the State's Equal Pay for Equal Work Law, requiring employers to disclose wage, benefit, and compensation information in job postings and to applicants, with additional requirements for proactive disclosures. Requires employers to keep records of compliance for at least three years and updates retaliation provisions.

- Implications: Promotes wage transparency and pay equity by requiring employers to disclose compensation information upfront and maintain records of compliance.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0271 and 0272)

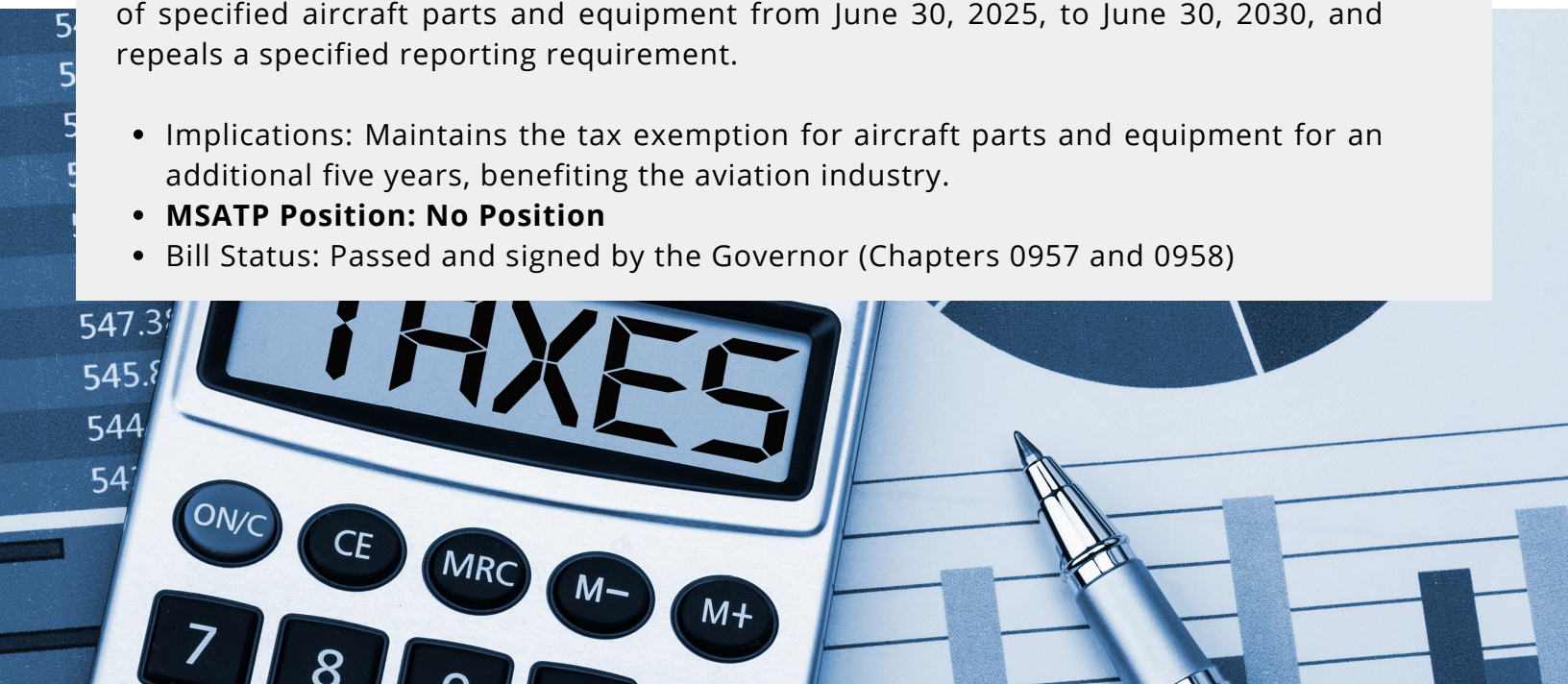
Sales and Use Tax

HB 0557 / SB 0574

Sales and Use Tax Exemption -- Aircraft Parts and Equipment -- Repeal of Reporting Requirement and Extension of Sunset

Details: Extends the termination date of the sales and use tax exemption for the sale of specified aircraft parts and equipment from June 30, 2025, to June 30, 2030, and repeals a specified reporting requirement.

- Implications: Maintains the tax exemption for aircraft parts and equipment for an additional five years, benefiting the aviation industry.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapters 0957 and 0958)





Sales and Use Tax (cont.)

SB 0580

Sales and Use Tax -- Nonprofit Organizations Maintaining Memorials -- Exemption

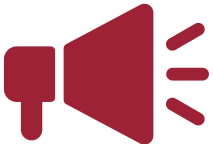
Details: Exempts sales made by specified nonprofit organizations that maintain a memorial on State-owned property from the State sales and use tax if the proceeds are used to maintain the memorial.

- Implications: Provides a tax exemption for nonprofit organizations maintaining memorials on State property, supporting their fundraising efforts.
- **MSATP Position: No Position**
- Bill Status: Passed and signed by the Governor (Chapter 0791)

Overview

The 2024 Maryland legislative session saw the passage of various bills affecting corporate income tax, estates and trusts, personal income tax, regulation of tax professionals, small businesses, and sales and use tax. These bills aimed to provide clarity, streamline processes, offer tax benefits, strengthen enforcement, promote transparency, and support specific industries and organizations. MSATP took positions on several bills, generally favoring those that improved the tax environment, supported tax professionals, and enhanced tax assistance for underserved populations. The organization's advocacy efforts helped shape the legislative outcomes and protect the interests of its members and their clients.

Disclaimer: This report provides a summary of the legislation that was passed by the Maryland General Assembly during the 2024 session and signed into law by the Governor or Enacted Under Article II, Section 17(b) of the Maryland Constitution. This report does not list every requirement that must be met to be in compliance with the legislation and any individual or business that must comply with or be knowledgeable of the legislation enacted into law should review the bills on the Maryland General Assembly website to ensure they are aware of and in compliance with all requirements of the legislation.



As an MSATP member, you have the opportunity to actively participate in shaping Maryland's tax and accounting legislation by joining the MSATP Advocacy Committee. This committee plays a crucial role in reviewing proposed bills, providing insights and recommendations, and representing the interests of tax and accounting professionals and their clients in the legislative process.

By joining the Advocacy Committee, you can contribute your expertise and experience to help MSATP develop positions on key legislative issues, draft testimony, and engage with lawmakers and other stakeholders. Your involvement will help ensure that the voices of tax and accounting professionals are heard and that the legislative outcomes support a fair, efficient, and transparent tax environment for businesses and individuals in Maryland.

If you are interested in making a difference and being part of MSATP's legislative advocacy efforts, we encourage you to reach out to Gigi Hawkins, MSATP's Executive Director, at ghawkins@msatp.org. Gigi will be happy to provide you with more information about the Advocacy Committee and how you can get involved.

Together, we can work to protect the interests of our profession and our clients, and shape a better future for tax and accounting professionals in Maryland.

Contact Us



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