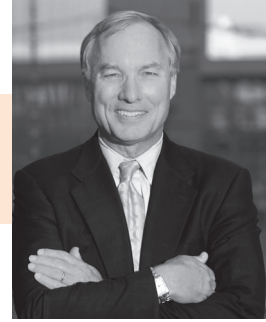


A MESSAGE FROM COMPTROLLER PETER FRANCHOT



Dear Maryland Taxpayers:

Since I first took office as your Comptroller 11 years ago, my agency has become a national model for its efficiency, effectiveness and customer service delivery. I remain committed to investing in technological resources and human capital to ensure that we continue to deliver first class customer service, while tackling emerging threats such as tax fraud and identity theft.

My 1,100-person team is committed to fulfilling our pledge to treat Maryland taxpayers with Respect, Responsiveness and Results. Last year, we were able to disburse 2.9 billion refunds, with most electronic refunds issued in less than 3 business days. We continue to see an upward trend in the usage of our safe and secure e-File system, with more than 2.6 million Marylanders submitting their returns electronically.

My agency's state-of-the-art fraud detection system has been widely lauded, and in conjunction with the new prosecutorial and investigative powers granted to my office via the 2017 Taxpayer Protection Act, we are keeping Marylanders safe from scurrilous felons engaging in identity theft and tax fraud. Since 2014, my office has suspended the returns of more than 176 preparers. In total under my stewardship, more than 98,000 fraudulent returns have been blocked worth more than \$200 million.

As Comptroller, I also understand that while we emphasize the importance of consistency and predictability in the tax code, each year there are small changes that occur. Below are a few legislative changes to our tax code enacted during the 2018 Legislative Session:

- SB996, Hometown Heroes Act, increases the subtraction modification for Military Veterans Ages 55 and over from \$10,000 to \$15,000 for eligible retirement income. It also expanded eligibility of the pension exclusion available to certain retired law enforcement individuals ages 55 to 64 by expanding eligibility to correctional officers.
- HB570, increased the Maryland Standard Deduction for an individual, Head of Household or Surviving Spouse, and Married filing jointly to a maximum of \$2,250, \$4,500, and \$4,500 respectively.
- SB1090, Single Sales Factor Apportionment, changes the calculation from three factors to one for Maryland-based businesses, to be phased in by 2022.
- SB989, an economic development tax credit for manufacturing companies that create jobs in high unemployment areas, resulting in tax credits for each job created.
- HB593, revised the existing Student Loan Debt Relief Tax Credit to include graduate school in addition to undergraduate loans in the tax credit, taking effect July 1, 2018.

Also please keep in mind that the Federal Tax Cuts and Jobs Act has increased the Standard Federal Deduction beginning with the 2018 tax year, providing an attractive alternative to itemized deductions. Unfortunately once a Maryland taxpayer claims a standard deduction on their Federal return, they must also claim a standard deduction on their Maryland return. Despite the increase in the Maryland standard deduction, this may result in the taxpayer owing Maryland tax instead of getting a refund for a small percentage of Marylanders.

So as we begin the 2019 Tax Filing Season with these additional tax changes in effect, I pledge to continue my agency's efforts to provide you with the level of service that you expect and deserve, and I'll continue to promote policies that benefit the long-term fiscal health of the State of Maryland.

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive, flowing style.

Peter Franchot
Comptroller