

# HOUSE BILL 323

Q3

6lr1921  
CF 6lr2560

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By: Delegate Stewart

Introduced and read first time: January 16, 2026

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2           **Income Tax – Credit for Income Taxes and Penalties Due to Financial**  
3           **Exploitation**

4 FOR the purpose of allowing a credit against the State income tax for certain income taxes  
5       and penalties attributable to early withdrawal of retirement funds due to financial  
6       exploitation; and generally relating to a credit against the State income tax for  
7       income taxes and penalties due to financial exploitation.

8 BY repealing and reenacting, without amendments,  
9       Article – Estates and Trusts  
10      Section 13–601(a), (d), (e), (g), (j), and (k)  
11      Annotated Code of Maryland  
12      (2022 Replacement Volume and 2025 Supplement)

13 BY adding to  
14       Article – Tax – General  
15      Section 10–758  
16      Annotated Code of Maryland  
17      (2022 Replacement Volume and 2025 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
19 That the Laws of Maryland read as follows:

20           **Article – Estates and Trusts**

21 13–601.

22       (a) In this subtitle the following words have the meanings indicated.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(d) "Deception" means a misrepresentation or concealment of a material fact relating to services rendered, disposition of property, or the use of property intended to benefit a susceptible adult or older adult.

4 (e) (1) "Financial exploitation" means an act taken by a person who:

24 (2) "Financial exploitation" includes:

(i) Breach of a fiduciary relationship resulting in the unauthorized appropriation, sale, or transfer of property;

27 (ii) Unauthorized taking of personal assets;

(iii) Misappropriation, misuse, or transfer of assets belonging to a susceptible adult or older adult from a personal or joint account; and

30 (iv) Intentional failure to effectively use a susceptible adult's or older  
31 adult's income and assets for the necessities required for the susceptible adult's or older  
32 adult's support and maintenance.

(3) “Financial exploitation” does not include an individual’s good-faith use of a susceptible adult’s or older adult’s assets, including for the purposes of establishing and implementing an estate plan intended to reduce taxes or to maximize eligibility for public benefits in order to preserve assets for an identified or identifiable person.

1               (g) "Intimidation" means a communication, by word or act, that a susceptible  
2 adult or older adult will suffer physical violence or emotional injury or will be deprived of  
3 food, nutrition, clothing, shelter, supervision, medicine, medical services, money, social  
4 interaction, or emotional or financial support.

5               (j) "Position of trust and confidence" means a relationship, whether formed by a  
6 formal or informal agreement between a susceptible adult or older adult and another  
7 person or recognized by a formal declaration or court order, in which:

8                      (1) A person is entrusted with the use or management of the property or  
9 assets of the susceptible adult or older adult, or the susceptible adult's or older adult's care;  
10 or

11                      (2) There is a special confidence or trust placed in a person who, in equity  
12 and good conscience, is bound to act in good faith and with due regard to the interests of  
13 the susceptible adult or older adult.

14               (k) "Susceptible adult" means an adult who is unable to perform, without  
15 prompting or assistance, one or more activities of daily living, is unable to protect the  
16 adult's rights, or has diminished executive functioning, due to:

17                      (1) Advanced age;

18                      (2) Mental, emotional, sensory, or physical disability or disease;

19                      (3) Impaired mobility;

20                      (4) Habitual drunkenness;

21                      (5) Addiction to drugs; or

22                      (6) Hospitalization.

## 23                          Article – Tax – General

### 24                  10–758.

25               (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
26 INDICATED.

27                      (2) "ELIGIBLE TAXPAYER" MEANS AN INDIVIDUAL WHO IS SUBJECT  
28 TO EARLY WITHDRAWAL PENALTIES UNDER § 72(T) OF THE INTERNAL REVENUE  
29 CODE.

30                      (3) "FINANCIAL EXPLOITATION" HAS THE MEANING STATED IN §  
31 13–601 OF THE ESTATES AND TRUSTS ARTICLE.

1           **(B) SUBJECT TO SUBSECTION (D) OF THIS SECTION, AN ELIGIBLE TAXPAYER**  
2   MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO  
3   THE LESSER OF:

4           **(1) THE STATE INCOME TAX ATTRIBUTABLE TO AN EARLY**  
5   WITHDRAWAL OF RETIREMENT FUNDS DUE TO FINANCIAL EXPLOITATION; OR

6           **(2) FEDERAL TAX PENALTIES PAID BY THE ELIGIBLE TAXPAYER IN**  
7   ACCORDANCE WITH § 72(T) OF THE INTERNAL REVENUE CODE THAT ARE  
8   ATTRIBUTABLE TO AN EARLY WITHDRAWAL OF RETIREMENT FUNDS DUE TO  
9   FINANCIAL EXPLOITATION.

10          **(C) WHEN CLAIMING A CREDIT UNDER THIS SECTION, AN ELIGIBLE**  
11   TAXPAYER SHALL PROVIDE:

12          **(1) INFORMATION DEMONSTRATING A LOSS RESULTING FROM**  
13   FINANCIAL EXPLOITATION, INCLUDING DOCUMENTATION FROM:

14           **(I) ADULT PROTECTIVE SERVICES;**

15           **(II) A LAW ENFORCEMENT AGENCY;**

16           **(III) A FINANCIAL INSTITUTION THAT HAS REPORTED**  
17   SUSPECTED FINANCIAL EXPLOITATION UNDER THE MARYLAND STATUTE AGAINST  
18   FINANCIAL EXPLOITATION (SAFE) ACT; OR

19           **(IV) A COURT ORDER, A RESTITUTION ORDER, OR ANY OTHER**  
20   COURT ISSUED DOCUMENTATION RELATED TO THE FINANCIAL LOSS; AND

21          **(2) AN AFFIDAVIT ATTESTING THAT FEDERAL TAX PENALTIES WERE**  
22   INCURRED AS A RESULT OF EARLY WITHDRAWAL OF RETIREMENT FUNDS DUE TO  
23   FINANCIAL EXPLOITATION.

24          **(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR**  
25   EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE UNUSED AMOUNT  
26   OF THE CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

27          SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28   1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.