

SENATE BILL 103

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Q7

2002 Regular Session
2lr0040

(PRE-FILED)

By: **Chairman, Budget and Taxation Committee (Departmental -
Comptroller)**

Requested: October 26, 2001

Introduced and read first time: January 9, 2002

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Wage Lien - Excluded Amounts**

3 FOR the purpose of altering the amount of salary, wages, or other compensation
4 excluded from the wage lien for income tax; providing that the amount excluded
5 from the wage lien for income tax is the amount exempt under a provision of law
6 exempting certain wages from attachment; and generally relating to the
7 exclusion of salary, wages, or other compensation from the wage lien for income
8 tax.

9 BY repealing and reenacting, without amendments,
10 Article - Commercial Law
11 Section 15-601.1
12 Annotated Code of Maryland
13 (2000 Replacement Volume and 2001 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article - Commercial Law
16 Section 15-602
17 Annotated Code of Maryland
18 (2000 Replacement Volume and 2001 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Tax - General
21 Section 13-811
22 Annotated Code of Maryland
23 (1997 Replacement Volume and 2001 Supplement)

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

1

Article - Commercial Law

2 15-601.1.

3 (a) In this section "disposable wages" means the part of wages that remain
4 after deduction of any amount required to be withheld by law.

5 (b) The following are exempt from attachment:

6 (1) Except as provided in item (2) of this subsection, the greater of:

7 (i) The product of \$145 multiplied by the number of weeks in which
8 the wages due were earned; or

9 (ii) 75 percent of the disposable wages due;

10 (2) In Caroline, Kent, Queen Anne's, and Worcester counties, for each
11 work week, the greater of:

12 (i) 75 percent of the disposable wages due; or

13 (ii) 30 times the federal minimum hourly wages under the Fair
14 Labor Standards Act in effect at the time the wages are due; and

15 (3) Any medical insurance payment deducted from an employee's wages
16 by the employer.

17 (c) The amount subject to attachment shall be calculated per pay period.

18 15-602.

19 (a) When an attachment is levied against the wages of a judgment debtor, it
20 shall constitute a lien on all attachable wages that are payable at the time the
21 attachment is served or which become payable until the judgment, interest, and costs,
22 as specified in the attachment, are satisfied.

23 (b) [The limitations imposed by § 15-601.1(b)(1) and (2) of this subtitle do not
24 apply to an attachment of wages for income tax due the State.

25 (c)] Any waiver of the limitations contained in § 15-601.1(b)(1) and (2) of this
26 subtitle is void.

27

Article - Tax - General

28 13-811.

29 (a) In this section, "paymaster":

30 (1) means an employer's officer, representative, agent, or employee
31 charged with the duty of paying salary, wages, or other compensation for personal
32 services to an employee named in a notice of lien; and

1 (2) if the person named in a notice of lien is employed by the federal
2 government or its instrumentality with an office in the State where employee records
3 are kept, whether or not payroll records are kept or the payroll is prepared at that
4 office, includes the employee who:

5 (i) is designated to keep and maintain employee records in that
6 office; and

7 (ii) is or may be designated to receive and distribute pay checks to
8 the employees.

9 (b) The Comptroller promptly shall give notice of an income tax wage lien that
10 states the lien amount and the name of the person against whom the lien is taken by:

11 (1) certified mail, return receipt requested, under the postmark of the
12 United States Postal Service, to the employer; or

13 (2) personal service on the employer.

14 (c) (1) If an employer knows or has reason to know of the import of the
15 contents of the certified mail and refuses to accept its delivery, service as required
16 under subsection (b)(1) of this section is made when delivery is refused.

17 (2) Service as required under subsection (b)(2) of this section is made
18 when personal service is made on an officer or paymaster of the employer.

19 (d) (1) From salary, wages, or other compensation for personal services that
20 is due or becomes payable on or after the date on which a notice of wage lien is served
21 to the date on which a notice of satisfaction or release of the wage lien is received, an
22 employer or paymaster promptly shall pay to the Comptroller any salary, wages, or
23 other compensation due to the delinquent taxpayer, excluding only those amounts
24 specified in paragraph (2) of this subsection.

25 (2) The amount excluded under paragraph (1) of this subsection from
26 amounts paid to the delinquent taxpayer is [\$50 plus \$15 for each exemption for each
27 week] THE AMOUNT EXEMPT FROM ATTACHMENT PROVIDED IN § 15-601.1 OF THE
28 COMMERCIAL LAW ARTICLE.

29 (e) The Comptroller promptly shall give a notice of satisfaction or release of an
30 income tax wage lien to each employer or paymaster who received notice of the wage
31 lien.

32 (f) If, after service of a notice of income tax wage lien, an employer or
33 paymaster pays an employee salary, wages, or other compensation for personal
34 services in excess of the amount allowed in subsection (d)(2) of this section, the
35 employer or paymaster or both shall be personally liable for the excess amount paid to
36 the employee. However, the total amount that the Comptroller recovers may not
37 exceed the total amount paid to the employee in violation of this section.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect July 1, 2002.