

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 773

(Senator Lawlah)

Budget and Taxation

Ways and Means

Comptroller - Tax Liens - Reports by Financial Institutions

This bill alters the content requirements for a report filed by a financial institution to the State Comptroller concerning persons whose property is subject to a tax lien if the financial institution submits reports under the Federal Parent Locator Service (FPLS). The report to the Comptroller may contain information that meets the specifications required for financial data match reports under FPLS.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues from the payment of delinquent taxes.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Comptroller is authorized to request from financial institutions information and assistance to enable the Comptroller to enforce the tax laws of the State. The Comptroller may request, not more than four times in a year, specified information concerning any person who is delinquent in payment of taxes. Statute specifies the type of information that must be contained in the request for information. The financial institution is required to provide specified information within 30 days of receipt of the request for information.

Background: Chapter 203 of 2003 streamlined the process by which the Comptroller attaches funds in bank accounts of taxpayers subject to a tax lien. The Comptroller advises that under the proposed streamlining, it would be able to process attachments of tax liens in bulk, thereby increasing the number of such attachments. The process under Chapter 203 is similar to that currently employed for child support enforcement collections. The additional revenues from such an increase in attachments cannot be precisely estimated at this time, but it was estimated to be approximately \$10 million in fiscal 2004 (reflecting the current backlog of attachments and the October 1, 2003 effective date of this provision of Chapter 203). Future year revenues would decline as the backlog of accounts of tax delinquents declines.

The Federal Office of Child Support Enforcement (OCSE) supports various programs and initiatives that support the location of participants in child support cases, collection of child support payments, enforcement of child support orders, communication between states, and online profile information regarding how counties, states, regions, and international offices operate. FPLS is a national location system operated by the federal OCSE, to assist in locating noncustodial parents, putative fathers, and custodial parties to: (1) establish paternity; (2) establish, modify, or enforce child support orders; (3) make or enforce child custody or parenting time (visitation) determinations; and (4) enforce federal or state laws regarding unlawful taking or restraint of a child.

State Fiscal Effect: This bill seeks to streamline the bank attachment process for collecting back taxes from delinquent taxpayers. When delinquent taxpayers are found, a lien is placed upon wages or property which is not removed until the taxes are paid. The bill allows financial institutions to use the same computer match programs for reports of delinquent taxpayers that are required for parents that do not pay child support.

The amount of any general fund revenue increase from more payments of delinquent taxes cannot be reliably estimated.

Additional Information

Prior Introductions: None.

Cross File: HB 1165 (Delegate Hixson, *et al.*) – Ways and Means.

Information Source(s): Comptroller's Office; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2004
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Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510