

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 701
Ways and Means

(Delegate Walker)

Budget and Taxation

Task Force to Study the Warrant Intercept Program for Maryland Income Tax Refunds

This bill establishes the Task Force to Study the Warrant Intercept Program for Maryland Income Tax Refunds. The task force must study the effectiveness and impact of the program and make specific recommendations to ensure the program does not disparately impact individuals on racial grounds. By December 31, 2016, the task force must report its findings and recommendations to the Governor and General Assembly. The Comptroller's Office must provide staff for the task force.

The bill takes effect June 1, 2016, and terminates June 30, 2017.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for the Comptroller's Office are assumed to be minimal and absorbable within existing budgeted resources. No impact on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The warrant intercept program authorizes an official of the federal, State, or local government charged with serving a criminal arrest warrant to certify to the Comptroller that an individual who is either a Maryland resident or who receives income from Maryland has an outstanding warrant and to request that the Comptroller withhold the individual's income tax refund. For any individual for which a certification of an

outstanding warrant is received, the Comptroller is required to withhold the individual's income tax refund and notify the individual of the certification of an outstanding warrant. The Comptroller may not withhold a refund if the individual is an active duty member of the U.S. Armed Forces or files a joint income tax return.

The program applies only to individuals who are residents of or have an outstanding warrant from Anne Arundel County, Washington County, or Baltimore City. The Anne Arundel County warrant intercept program terminates September 30, 2018, and the Washington County and Baltimore City programs terminate September 30, 2019.

Background: Chapter 451 of 2012 established the warrant intercept program for Anne Arundel County. Chapter 213 of 2013 extended the termination date of the Anne Arundel County warrant intercept program by five years to September 30, 2018. Chapter 590 of 2014 extended the program to Washington County and Chapter 594 of 2014 extended the program to Baltimore City.

The Comptroller's Office is required to annually report specified information about the program. In the first three years of the Anne Arundel County program the Comptroller's Office reported that it had intercepted in each year an average of \$318,700 in State and local refunds from 460 individuals. Of the amount held, about 71% of the refunds were released within the same year as the individuals satisfied the outstanding warrants. An additional 12% of the refunds were released in the next year and 6% in the following year. In the 2015 annual report the Comptroller notes that the extension of the program to Washington County is complete but that the program's implementation in Baltimore City is not fully operational. In 2015 the Comptroller intercepted a minimal number of refunds from Baltimore City and intercepted \$41,800 in refunds from 70 individuals from Washington County. The Comptroller's Office notes that a significant portion of the outstanding warrants cannot be linked to the tax system because of missing identifying information (principally Social Security numbers).

Additional Information

Prior Introductions: HB 1133 of 2015 received a favorable with amendments report from the House Ways and Means Committee, passed the House, and received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Legislative Services

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