

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 124 (Delegate Malone)
 Ways and Means

Maryland Income Tax Refunds - Anne Arundel County - Warrant Intercept Program

This emergency bill reinstates the Anne Arundel County warrant intercept program. The bill terminates September 30, 2023.

Fiscal Summary

State Effect: General fund revenues may increase by \$31,000 in FY 2021 due to the Comptroller intercepting the income tax refunds of specified individuals with outstanding warrants. Future year revenue impacts reflect projected net amounts of refunds withheld. Expenditures are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
GF Revenue	\$31,000	\$25,000	\$24,000	\$1,000	\$0
Expenditure	0	0	0	0	0
Net Effect	\$31,000	\$25,000	\$24,000	\$1,000	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Anne Arundel County income tax revenues may increase minimally in FY 2021 through 2024. County expenditures may increase beginning in FY 2021 through 2024 due to administrative costs. In addition, county warrant service expenditures may decrease in FY 2021 through 2024.

Small Business Effect: None.

Analysis

Bill Summary: The bill applies only to individuals who are residents of Anne Arundel County or have an outstanding warrant from Anne Arundel County. The Comptroller (1) 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 and (2) must report annually to the House Ways and Means Committee and the Senate Budget and Taxation Committee on the implementation of the program.

Current Law: The warrant intercept program authorized 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 files a joint income tax return.

The warrant intercept program terminated September 30, 2019.

Background: Chapter 451 of 2012 established the warrant intercept program by authorizing Anne Arundel County to participate in the program. Chapter 590 of 2014 extended the program to Washington County and Chapter 594 of 2014 extended the program to Baltimore City. Chapter 387 of 2016 authorized all counties to participate in the warrant intercept program if the sheriff of the county notifies the Comptroller that the county intends to participate in the program.

Chapter 387 of 2016 also required the Governor's Office of Crime Control and Prevention (GOCCP) to study the program and make recommendations to ensure the program does not disparately impact individuals on racial grounds. GOCCP reports that during calendar 2018, the Comptroller's Office withheld the income tax refunds of 1,184 individuals. A total of \$816,427 in refunds were withheld or about \$690 per person. **Exhibit 1** shows by county the total number and amount of refunds withheld by the Comptroller's Office.

**Exhibit 1
Warrant Intercept Program
Calendar 2018**

<u>County</u>	Refunds Withheld		
	<u>Number</u>	<u>Total</u>	<u>Average</u>
Anne Arundel	204	\$122,932	\$602.61
Baltimore City	77	45,457	590.35
Harford	9	*	*
Howard	81	43,896	541.93
Prince George's	763	570,308	747.45
Washington	50	33,834	676.68
Total	1,184	\$816,427	\$689.55

*Harford County refund amounts were not disclosed by the Comptroller's Office.

Source: Comptroller's Office; Governor's Office of Crime Control and Prevention

The most common charges associated with the outstanding warrants were traffic offenses (31%), failure to appear to court for traffic and civil cases (22%), assault (10%), and theft/malicious destruction of property (7%). GOCCP reports that no individual contested the withholding of their income tax refund. GOCCP, in consultation with the Comptroller's Office, recommended the continuation and expansion of the program.

State Fiscal Effect: The bill reinstates the Anne Arundel County warrant intercept program. As a result, general fund revenues will increase by \$31,000 in fiscal 2021, reflecting the program's reinstatement on July 1, 2020. General fund revenues increase by \$25,000 in fiscal 2022, \$24,000 in fiscal 2023, and by \$1,000 in fiscal 2024. This estimate reflects the projected net impact of income tax refunds withheld and released in each year. To the extent the program is reinstated earlier than estimated, general fund revenues may increase minimally in fiscal 2020.

The Comptroller's Office can administer the program within existing budgeted resources.

Local Fiscal Effect: Anne Arundel County income tax revenues may increase minimally in fiscal 2021 through 2024. County expenditures may increase beginning in fiscal 2021 through 2024 due to administrative costs. In addition, county warrant service expenditures may decrease in fiscal 2021 through 2024.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 53 (Senator Reilly) - Budget and Taxation.

Information Source(s): Anne Arundel County; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2020
md/hlb

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