

HOUSE BILL 634

Q3

5lr2623
CF SB 295

By: **Delegates Wims and Mireku–North**

Introduced and read first time: January 23, 2025

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Income Tax Reconciliation Program – Established**
3 **(Maryland Fair Taxation for Justice–Involved Individuals Act)**

4 FOR the purpose of establishing the Income Tax Reconciliation Program in the State to
5 allow certain justice–involved individuals to establish payment plans and receive a
6 waiver of any interest and penalties that accrue for unpaid income tax due for certain
7 taxable years; requiring the Comptroller to administer the Program and waive
8 certain interest and penalties for participants in the Program; requiring the
9 Comptroller, in collaboration with the Department of Public Safety and Correctional
10 Services, to develop an awareness campaign to inform the public and
11 justice–involved individuals about the Program; and generally relating to the Income
12 Tax Reconciliation Program for justice–involved individuals.

13 BY adding to
14 Article – Criminal Procedure
15 Section 6–237
16 Annotated Code of Maryland
17 (2018 Replacement Volume and 2024 Supplement)

18 BY adding to
19 Article – Tax – General
20 Section 2–120
21 Annotated Code of Maryland
22 (2022 Replacement Volume and 2024 Supplement)

23 BY repealing and reenacting, without amendments,
24 Article – Tax – General
25 Section 13–604 and 13–701(a)
26 Annotated Code of Maryland
27 (2022 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Tax – General
3 Section 13–606 and 13–714
4 Annotated Code of Maryland
5 (2022 Replacement Volume and 2024 Supplement)

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

8 **Article – Criminal Procedure**

9 **6–237.**

10 **WHEN A DEFENDANT IS CONVICTED OF OR PLEADS GUILTY TO A CRIME AND IS**
11 **SENTENCED TO A TERM OF IMPRISONMENT OF AT LEAST 6 MONTHS BUT NOT MORE**
12 **THAN 10 YEARS, THE COURT SHALL INFORM THE DEFENDANT ABOUT THE INCOME**
13 **TAX RECONCILIATION PROGRAM ESTABLISHED UNDER § 2–120 OF THE TAX –**
14 **GENERAL ARTICLE.**

15 **Article – Tax – General**

16 **2–120.**

17 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
18 **INDICATED.**

19 **(2) “JUSTICE–INVOLVED INDIVIDUAL” MEANS AN INDIVIDUAL WHO IS**
20 **CONVICTED OF OR PLEADS GUILTY TO A CRIME AND IS CURRENTLY SERVING OR,**
21 **WITHIN THE IMMEDIATELY PRECEDING 2 YEARS, HAS BEEN RELEASED AFTER**
22 **SERVING A TERM OF IMPRISONMENT OF AT LEAST 6 MONTHS BUT NOT MORE THAN**
23 **10 YEARS IN A STATE OR FEDERAL CORRECTIONAL FACILITY.**

24 **(3) “PROGRAM” MEANS THE INCOME TAX RECONCILIATION**
25 **PROGRAM.**

26 **(B) THERE IS AN INCOME TAX RECONCILIATION PROGRAM IN THE STATE**
27 **THAT IS ADMINISTERED BY THE COMPTROLLER.**

28 **(C) THE PURPOSE OF THE PROGRAM IS TO ALLOW JUSTICE–INVOLVED**
29 **INDIVIDUALS WHO ARE UNABLE TO FILE A STATE INCOME TAX RETURN WHILE**
30 **INCARCERATED TO:**

1 **(1) SUBJECT TO SUBSECTION (D) OF THIS SECTION, ESTABLISH**
2 **INSTALLMENT PAYMENT PLANS TO PAY ANY UNPAID INCOME TAX THAT IS DUE FOR**
3 **ANY TAXABLE YEAR DURING WHICH THE INDIVIDUAL IS INCARCERATED; AND**

4 **(2) IF APPROVED FOR AN INSTALLMENT PAYMENT PLAN, RECEIVE A**
5 **WAIVER FOR ANY INTEREST AND PENALTIES THAT ACCRUE ON THE UNPAID INCOME**
6 **TAX.**

7 **(D) (1) FOR ANY TAXABLE YEAR THAT BEGINS AFTER DECEMBER 31,**
8 **2024, BUT BEFORE JANUARY 1, 2030, A JUSTICE-INVOLVED INDIVIDUAL WHO**
9 **RECEIVES A NOTICE OF ASSESSMENT OF INCOME TAX DUE FOR A TAXABLE YEAR**
10 **DURING WHICH THE INDIVIDUAL IS INCARCERATED MAY APPLY TO THE**
11 **COMPTROLLER FOR AN INSTALLMENT PAYMENT PLAN.**

12 **(2) IF THE COMPTROLLER DETERMINES THAT THE**
13 **JUSTICE-INVOLVED INDIVIDUAL IS ELIGIBLE TO PARTICIPATE IN THE PROGRAM,**
14 **THE COMPTROLLER SHALL ESTABLISH AN INSTALLMENT PAYMENT PLAN THAT**
15 **ALLOWS THE INDIVIDUAL TO PAY THE UNPAID INCOME TAX OVER A PERIOD NOT**
16 **EXCEEDING 10 YEARS.**

17 **(3) IF A JUSTICE-INVOLVED INDIVIDUAL IS APPROVED FOR AN**
18 **INSTALLMENT PAYMENT PLAN UNDER THE PROGRAM, THE COMPTROLLER SHALL**
19 **WAIVE ANY INTEREST AND PENALTIES THAT ACCRUE ON THE UNPAID INCOME TAX**
20 **DUE.**

21 **(E) (1) TO CARRY OUT THE PROGRAM, THE COMPTROLLER SHALL:**

22 **(I) IN COLLABORATION WITH THE DEPARTMENT OF PUBLIC**
23 **SAFETY AND CORRECTIONAL SERVICES, DEVELOP AN AWARENESS CAMPAIGN TO**
24 **INFORM THE PUBLIC AND JUSTICE-INVOLVED INDIVIDUALS ABOUT THE PROGRAM;**
25 **AND**

26 **(II) ADOPT REGULATIONS.**

27 **(2) THE REGULATIONS REQUIRED UNDER PARAGRAPH (1)(II) OF THIS**
28 **SUBSECTION MAY INCLUDE INCOME LIMITATIONS THAT ESTABLISH ELIGIBILITY**
29 **FOR THE PROGRAM.**

30 **(F) ON OR BEFORE DECEMBER 1, 2026, AND EACH DECEMBER 1**
31 **THEREAFTER, THE COMPTROLLER SHALL REPORT TO THE GENERAL ASSEMBLY, IN**
32 **ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE**
33 **IMPACT OF THE PROGRAM.**

1 13-604.

2 (a) The rate of interest for each month or fraction of a month is the percent equal
3 to one-twelfth of the annual interest rate that the Comptroller sets for the calendar year
4 under subsection (b) of this section.

5 (b) On or before October 1 of each year, the Comptroller shall set the annual
6 interest rate for the next calendar year on refunds and money owed to the State as the
7 percent that equals the greater of:

8 (1) (i) 13% for 2016;

9 (ii) 12% for 2017;

10 (iii) 11.5% for 2018;

11 (iv) 11% for 2019;

12 (v) 10.5% for 2020;

13 (vi) 10% for 2021;

14 (vii) 9.5% for 2022; and

15 (viii) 9% for 2023 and each year thereafter; or

16 (2) 3 percentage points above the average prime rate of interest quoted by
17 commercial banks to large businesses during the State's previous fiscal year, based on
18 determination by the Board of Governors of the Federal Reserve Bank.

19 13-606.

20 (A) For reasonable cause, a tax collector may waive interest on unpaid tax.

21 (B) **THE COMPTROLLER SHALL WAIVE THE AMOUNT OF ANY INTEREST**
22 **ASSESSED ON UNPAID INCOME TAX DUE UNDER THIS ARTICLE IF:**

23 (1) **THE UNPAID INCOME TAX IS DUE FOR A TAXABLE YEAR DURING**
24 **WHICH THE PERSON OWING IS INCARCERATED; AND**

25 (2) **THE PERSON APPLIES FOR AND IS PLACED ON AN INSTALLMENT**
26 **PAYMENT PLAN UNDER THE INCOME TAX RECONCILIATION PROGRAM**
27 **ESTABLISHED UNDER § 2-120 OF THIS ARTICLE.**

28 13-701.

1 (a) Except as otherwise provided in this subtitle, if a person or governmental unit
2 fails to pay a tax when due under this article, the tax collector shall assess a penalty not
3 exceeding 10% of the unpaid tax.

4 13-714.

5 (A) For reasonable cause, a tax collector may waive a penalty under this subtitle.

6 (B) **THE COMPTROLLER SHALL WAIVE ANY PENALTY UNDER THIS SUBTITLE**
7 **FOR A PERSON'S FAILURE TO PAY INCOME TAX WHEN DUE UNDER THIS ARTICLE IF:**

8 (1) **THE UNPAID INCOME TAX IS DUE FOR A TAXABLE YEAR DURING**
9 **WHICH THE PERSON OWING IS INCARCERATED; AND**

10 (2) **THE PERSON APPLIES FOR AND IS PLACED ON AN INSTALLMENT**
11 **PAYMENT PLAN UNDER THE INCOME TAX RECONCILIATION PROGRAM**
12 **ESTABLISHED UNDER § 2-120 OF THIS ARTICLE.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2025.