



Peter Franchot
Comptroller

TESTIMONY OF COMPTROLLER PETER FRANCHOT

Letter of Information For Presentation to the Ways and Means Committee *February 27, 2020*

Chair Kaiser, Vice Chair Washington, members of the Committee, I present to you a letter of information on **HB 454 - Driver's Licenses and Vehicle Registrations - Distribution of Tax Payments and Unemployment Insurance Contributions - Tax Clinics for Low-Income Marylanders.**

House Bill 454 establishes a special fund to provide grant funding for the University of Maryland and the University of Baltimore schools of law to operate tax clinics for low-income state residents. Each year, \$450,000 of undisputed taxes will be transferred from the general fund to the special fund and then distributed to the two law schools.

It is very important to understand the context by which this bill came to be. The Budget and Reconciliation Act of 2011 directed the Comptroller of Maryland, Motor Vehicle Administration ("MVA"), and Department of Labor, Licensing and Regulation ("DLLR") to work together to assist in the collection of unpaid state tax liabilities and unpaid unemployment insurance contributions. The Budget and Reconciliation Act of 2011 allowed for a hold to be placed on the renewal of driver's licenses and/or vehicle registrations by the MVA until such time as the aforementioned liabilities were addressed by the appropriate agency.

Upon implementation of the MVA hold program, concerns regarding an outsized burden upon low income taxpayers emerged. To address these concerns, the Comptroller's Office, The University of Maryland and University of Baltimore law schools, and Delegate Rosenberg began to collaborate about ways to offer appropriate and focused services to specifically address this issue.

HB 454 is the culmination of this collaboration. Specific technical concerns about the bill language are being addressed with sponsor amendments.

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