

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1133

(Delegate Walker, *et al.*)

Ways and Means

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, 2015, 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, 2015, and terminates June 30, 2016.

Fiscal Summary

State Effect: Minimal increase in general fund expenditures for the Comptroller's Office in FY 2016 for administrative expenses associated with the task force. Staffing can be provided using existing budgeted resources. No impact on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force established by the bill includes two members of the Senate (one appointed by the Senate President and one by the Minority Leader); two members of the House of Delegates (one appointed by the Speaker of the House and one by the Minority Leader); one member each from the Comptroller's Office, State Police, and Judiciary; and

one member appointed by the Governor from each of the following organizations – the Maryland Sheriffs’ Association, Maryland Chiefs of Police Association, and the National Association for the Advancement of Colored People. In addition, the Governor must designate the chair of the task force. A member of the task force may not receive compensation but is entitled to reimbursement for expenses.

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 two reports, which applied only to Anne Arundel County, the Comptroller’s Office reported that it had intercepted in each year an average of \$315,100 in State and local refunds from 420 individuals. Of the amount held, about 75% 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. 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). The report anticipates that the program will expand to Baltimore City and Washington County in calendar 2015. The Comptroller’s Office estimated that there were about 200,000 outstanding warrants statewide.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 11, 2015
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