

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 271

(Senator Guzzone)(By Request - Comptroller)

Budget and Taxation

Economic Matters

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**Commercial Law - Disposition of Abandoned Property - Waiver of Penalties**

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This bill authorizes the Comptroller to waive specified penalties related to abandoned property in the State.

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**Fiscal Summary**

**State Effect:** Special fund revenues decrease, likely minimally, as discussed below. Expenditures are not materially affected.

**Local Effect:** The bill does not directly affect local government finances or operations.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Any person who fails to pay (or deliver) abandoned property as required by State law must pay a penalty equal to 15% of the value of the property. Additionally, if any person fails to file any report or refuses to deliver property, the Comptroller may bring an action in the appropriate court to require the filing of the report and to enforce delivery of the property.

Any person who willfully fails to render any report or perform any other required duty is subject to a fine of \$100 for each day the report is withheld (but not more than \$5,000).

In addition, any person who willfully refuses to pay or deliver abandoned property as required is subject to a fine between \$500 and \$5,000 and/or imprisonment for up to six months.

**State Revenues:** The Comptroller's Office reports that it shares responsibility for abandoned property audits with third-party vendors. In fiscal 2019, the Comptroller's audit team discovered abandoned property valued at approximately \$305,200; over the same period, third-party vendors discovered abandoned property valued at approximately \$11.5 million. As a result of the COVID-19 pandemic, the Comptroller suspended audits conducted by the agency. Therefore, more recent data is not available.

Although the Comptroller's Office assesses any relevant penalties for abandoned property discovered *by the agency*, it does not collect penalties for properties discovered by third-party vendors (nor do the vendors collect the penalties on behalf of the Comptroller's Office). Under the bill, the Comptroller is authorized to waive *any* penalty related to enforcement of the State's abandoned property law. Because the vast majority of abandoned property found during the auditing process is discovered by third-party vendors – which already do not collect penalties – the specific authorization for the Comptroller to waive these penalties (related to third-party collections) codifies current practice. However, because the Comptroller's Office collects penalties for the portion of abandoned property it discovers through its own audit team, special fund revenues are likely affected (assuming the resumption of its in-house audits and the authority to waive penalties is applied to property currently subject to penalties).

Assuming the value of abandoned property discovered in fiscal 2019 is representative of a typical year, *for illustrative purposes only*, special fund revenues decrease by approximately \$45,800 annually under the bill. This amount represents 15% (*i.e.*, the penalty specified in statute) of the value of abandoned property discovered by the Comptroller's Office and does not reflect any additional State revenues that might be received under other provisions (*e.g.*, penalties assessed for failing to file a required report).

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 1, 2022  
fnu2/jkb Third Reader - February 23, 2022

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