



Peter Franchot
Comptroller

Andrew M. Schaufele
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Estimates*

December 22, 2016

Honorable Edward J. Kasemeyer
Senate Budget and Taxation
Miller Senate Building
Annapolis, Maryland 21401

Honorable Sheila E. Hixson
House Ways and Means Committee
House Office Building
Annapolis, Maryland 21401

Dear Senator Kasemeyer and Delegate Hixson,

As required by Maryland Tax General § 13-940, the Comptroller's office must report to the House Ways and Means Committee and the Senate Budget and Taxation Committee regarding the *Warrant Intercept Program*.

Chapter 451 of the 2012 Legislative Session authorized an official of federal, State, or local government charged with serving a criminal arrest warrant to request that the Comptroller withhold an individual's income tax refund until the warrant (exclusive of a body attachment) has been satisfied. Several qualifiers were put in place to identify the scope of this program, including the general confinement of the program to Anne Arundel County as well as exclusions for active duty members of the Armed Forces and joint income tax filers. Since the initial legislation, the scope of this enforcement effort has expanded to include both Baltimore City and Washington County in a fully operational capacity for the 2016 cycle. Several additional counties have expressed interest in the program; of those, Howard County is currently in the testing phase.

In order for the Comptroller to withhold a refund, the warrant official has to certify to the Comptroller's office the existence of the warrant and certain identifying information. The Comptroller's office must then notify the individual of the certification and its implications and, if applicable, withhold the individual's refund until a notice to release is issued from the warrant official.

It should be noted that a significant portion of the outstanding warrants cannot be linked to the tax system because of discrepancies between identifying information maintained by the organizations (principally social security numbers). As of November 1, 2016, refunds released number 1,862. Refunds from outstanding warrants being held currently total 252. The attached table contains data by jurisdiction and by cycle; it has been adapted from prior years to limit disclosure adjustments. Refunds are now broken down by county in two separate sections: refunds withheld by warrant year and refunds released by cycle. Please let me know if you have any questions.

Sincerely,

Andrew M. Schaufele

cc: Len Foxwell
Sharonne Bonardi

Warrant Refund Intercept Program

2016 Program Year

	<u>2013 Warrant List</u>		<u>2014 Warrant List</u>		<u>2015 Warrant List</u>		<u>2016 Warrant List</u>		<u>Total</u>					
	Refunds Withheld		Refunds Withheld		Refunds Withheld		Refunds Withheld		Refunds Withheld		Released		Net Held	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Anne Arundel County	450	344,235	392	286,809	544	325,769	497	293,042	1,883	1,249,856	1,700	1,170,850	183	79,006
Baltimore City					(D)	(D)	107	78,672	107	78,672	64	48,910	43	29,762
Washington County					72	41,758	52	29,268	124	71,026	98	57,804	26	13,223
Subtotal	450	344,235	392	286,809	616	367,527	656	400,983	2,114	1,399,554	1,862	1,277,564	252	121,991

	<u>Total</u>		<u>Cycle 1</u>				<u>Cycle 2</u>				<u>Cycle 3 Forward</u>			
	Refunds Withheld		Released		Net Held		Released		Net Held		Released		Net Held	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Anne Arundel County	1,883	1,249,856	1,399	970,963	484	278,893	214	145,480	257	127,349	87	54,406	58	21,747
Baltimore City	107	78,672	64	48,910	43	29,762	-	-	(D)	(D)	-	-	-	-
Washington County	124	71,026	98	57,804	26	13,223	-	-	16	9,414	-	-	-	-
Subtotal	2,114	1,399,554	1,561	1,077,677	553	321,877	214	145,480	273	136,763	87	54,406	58	21,747

Note: Disclosure adjustments (D) are not reflected in the subtotals. To support the analysis we can say that the figures are de minimis.