



# Maryland Income Tax Refunds – Warrant Intercept Program 2016 Annual Report

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## **Background**

Preface: Tax-General Art., § 13-941 Chapter 387 of 2016 (SB 425), *Maryland Income Tax Refunds – Warrant Intercept Program – Statewide*, requires the Governor’s Office of Crime Control & Prevention, in consultation with the Office of the Comptroller, to study and make findings and recommendations regarding the continued implementation of the Warrant Intercept Program in a manner that ensures the program does not disparately impact individuals on racial grounds and to report its findings and recommendations to the Governor and General Assembly by December 31, 2016.

While this study was enacted into law in 2016, the *Maryland Income Tax Refunds - Warrant Intercept Program - Statewide* (Warrant Intercept Program) began several years ago, in 2013. In fact, Chapter 451 (2012) “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 tax refund until the warrant (exclusive of a body attachment) has been satisfied.”<sup>1</sup> Because of this, and under the provisions of the Warrant Intercept Program, the Office of the Comptroller may withhold tax refunds from any individual, within the State, who has an outstanding arrest warrant(s). The Warrant Intercept Program also provides criminal suspects with a financial incentive to surrender to the police. In order for the Office of the Comptroller to withhold a refund, the warrant official (i.e., law enforcement agency) must certify to the Comptroller the existence of the warrant and certain identifying information. The Office of the Comptroller 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.

Currently, the Warrant Intercept Program is operational in Anne Arundel County, Baltimore City, and Washington County. As a result of Senate Bill 425 (2016), additional counties may participate in the Warrant Intercept Program if notification is provided to the Office of the Comptroller by December 31 of the first taxable year for which the jurisdiction intends to participate. As of December 31, 2016, six additional jurisdictions expressed an interest in participating, to include the following:

- Allegany County
- Cecil County
- Charles County
- Frederick County
- Howard County
- Prince George’s County

Under the provisions of Chapter 387 (2016), the Governor’s Office of Crime Control & Prevention is required, in consultation with the Office of the Comptroller, to study and report its findings and recommendations to the Governor and General Assembly on the following:

- The total number of tax refunds withheld by the Comptroller;

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<sup>1</sup> Comptroller of Maryland. (2015). *Warrant Intercept 2014 Letter*. Received on August 16, 2016.

- The average amount of the tax refunds withheld by the Comptroller;
- The potential differences in the service of warrants or requests by warrant officials to the Comptroller to withhold tax refunds under the program based on race;
- The types of warrants and specific charges that prompted the requests by warrant officials to the Comptroller to withhold refunds, including warrants relating to criminal violations, civil matters, motor vehicle violations, and failures to appear;
- The effectiveness of withholding refunds on resolving outstanding warrants in each jurisdiction of the State; and
- Whether any withheld refunds were contested.

### **Methodology**

The Office of the Comptroller provided the Governor’s Office of Crime Control & Prevention with a list of warrant numbers for all 2015 tax refunds withheld in Anne Arundel County, Baltimore City, and Washington County during the 2016 tax year. This list was then disseminated to the Anne Arundel County Sheriff’s Office, the Baltimore Police Department, and the Washington County Sheriff’s Office to provide the race of each individual, the specific charge associated with the warrant number, as well as to determine if the warrant was served.

The Office of the Comptroller also provided the Governor’s Office of Crime Control & Prevention with information pertaining to the average amount of refunds withheld for each participating jurisdiction and whether any withheld refunds were contested.

### **Results**

Under the provisions of the Warrant Intercept Program, and as a result of the data collected, 656 tax refunds were withheld by the Office of the Comptroller in 2016, within the three participating jurisdictions (as illustrated in Table 1). In addition, and as illustrated below, the average amount of tax refunds withheld by the Office of the Comptroller was \$611.25. None of the refunds withheld in Washington County or Baltimore City were contested. The number of withheld refunds that were contested in Anne Arundel County falls below the county disclosure threshold of 11. Federal and State laws regarding the sharing of taxpayer information prevent the Comptroller from sharing taxpayer data, including when refunds are contested if it’s possible that the data could reveal the identity of the taxpayer.

**Table 1. Tax Refunds Withhold Statistics (2016)**

County	Number of refunds withheld	Amount of refunds withheld	Average amount withheld	Number of withheld refunds contested
Anne Arundel County	497	\$293,042.27	\$589.62	(D)*
Washington County	52	\$29,268.46	\$562.86	0
Baltimore City	107	\$78,671.80	\$735.25	0
<b>Total</b>	<b>656</b>	<b>\$400,982.53</b>	<b>\$611.25</b>	<b>(D)</b>

\*(D) indicates a disclosure adjustment - number falls below allowed threshold for taxpayer data disclosure agreements

As illustrated below, Table 2 provides a breakdown of the number of withheld tax refunds by race. Based on this illustration, nearly 97% of all tax refunds withheld occurred for black or white individuals (56.4% and 40.5%, respectively). In addition, as depicted in Table 3, the most common charges associated with warrants that prompted a request to withhold tax refunds consisted of the following: failure to appear to court for traffic and other cases (36.4%), failure to appear for a criminal case (20.4%), violation of parole or probation (10.2%), theft (8.8%), and assault (6.4%). These five offenses represented 82% of all warrants that were submitted to the Comptroller to withhold tax refunds. Overall, 63% of the warrants that prompted a request to withhold a tax refund were served in 2016 (see Table 4). The data provided in this report cannot distinguish between warrants that were actively served by law enforcement or warrants that were served because the individual surrendered to authorities.

**Table 2. Tax Refunds Withheld by Race (2016)**

Race	Agency			Total
	Anne Arundel County Sheriff's Office	Baltimore Police Department	Washington County Sheriff's Office	
Asian	2 0.4%	0 0.0%	0 0.0%	2 0.3%
Black	271 54.5%	85 79.4%	14 26.9%	370 56.4%
Hispanic	4 0.8%	0 0.0%	1 1.9%	5 0.8%
Other	1 0.2%	0 0.0%	0 0.0%	1 0.2%
White	207 41.6%	22 20.6%	37 71.2%	266 40.5%
Unknown	12 2.4%	0 0.0%	0 0.0%	12 1.8%
<b>Total</b>	<b>497</b> <b>100.0%</b>	<b>107</b> <b>100.0%</b>	<b>52</b> <b>100.0%</b>	<b>656</b> <b>100.0%</b>

<b>Table 3. Tax Refunds Withheld by Charge (2016)</b>				
<b>Charge*</b>	<b>Agency</b>			<b>Total</b>
	<b>Anne Arundel County Sheriff's Office</b>	<b>Baltimore Police Department</b>	<b>Washington County Sheriff's Office</b>	
Assault	31 6.2%	10 9.3%	1 1.9%	<b>42</b> <b>6.4%</b>
CDS	4 0.8%	28 26.2%	0 0.0%	<b>32</b> <b>4.9%</b>
Failure to Appear - Criminal	126 25.4%	0 0.0%	8 15.4%	<b>134</b> <b>20.4%</b>
Failure to Appear - Other	201 40.4%	19 17.8%	19 36.5%	<b>239</b> <b>36.4%</b>
Other Violent	6 1.2%	1 0.9%	0 0.0%	<b>7</b> <b>1.1%</b>
Other/Unknown	24 4.8%	10 9.3%	8 15.4%	<b>42</b> <b>6.4%</b>
Property Crime Offenses	6 1.2%	6 5.6%	2 3.8%	<b>14</b> <b>2.1%</b>
Quality of Life Offenses	3 0.6%	17 15.9%	1 1.9%	<b>21</b> <b>3.2%</b>
Theft/ Malicious Destruction of Property	39 7.8%	16 15.0%	3 5.8%	<b>58</b> <b>8.8%</b>
Violation of Parole/Probation	57 11.5%	0 0.0%	10 19.2%	<b>67</b> <b>10.2%</b>
<b>Total</b>	<b>497</b> <b>100.0%</b>	<b>107</b> <b>100.0%</b>	<b>52</b> <b>100.0%</b>	<b>656</b> <b>100.0%</b>

\*Assault includes first and second degree assault.

CDS includes possession and distribution.

Failure to Appear – Other includes failure to appear for traffic and civil cases as well as criminal citations.

Other Violent includes attempted murder, arson, robbery, and child abuse.

Other/Unknown includes all other various offenses.

Property Crime Offenses includes burglary and fraud.

Quality of Life Offenses include disorderly conduct, trespassing, public drunkenness, indecent exposure and prostitution.

<b>Table 4. Tax Refunds Withheld by Warrant Status (2016)</b>				
	<b>Agency</b>			
<b>Warrant Served</b>	<b>Anne Arundel County Sheriff's Office</b>	<b>Baltimore Police Department</b>	<b>Washington County Sheriff's Office</b>	<b>Total</b>
No	158 31.8%	51 47.7%	23 44.2%	<b>232</b> <b>35.4%</b>
Recalled	0 0.0%	10 9.3%	0 0.0%	<b>10</b> <b>1.5%</b>
Yes	339 68.2%	46 43.0%	29 55.8%	<b>414</b> <b>63.1%</b>
<b>Total</b>	<b>497</b> <b>100.0%</b>	<b>107</b> <b>100.0%</b>	<b>52</b> <b>100.0%</b>	<b>656</b> <b>100.0%</b>

Overall, there was slight variation in the percentage of warrants cleared on 2016 tax refunds withheld by race (71.4% for whites and 61.1% for blacks, *as illustrated in Table 5*).

<b>Table 5. Percent of Warrants Cleared on 2016 Tax Refunds Withheld by Race</b>				
	<b>Agency</b>			
<b>Race</b>	<b>Anne Arundel County Sheriff's Office</b>	<b>Baltimore Police Department</b>	<b>Washington County Sheriff's Office</b>	<b>Total</b>
Asian	1 50.0%	N/A	N/A	<b>1</b> <b>50.0%</b>
Black	173 63.8%	44 51.8%	9 64.3%	<b>226</b> <b>61.1%</b>
Hispanic	3 75.0%	N/A	0 0.0%	<b>3</b> <b>60.0%</b>
Other	0 0.0%	N/A	N/A	<b>0</b> <b>0.0%</b>
White	158 76.3%	12 54.5%	20 54.1%	<b>190</b> <b>71.4%</b>
Unknown	4 33.3%	N/A	N/A	<b>4</b> <b>33.3%</b>
<b>Total</b>	<b>339</b> <b>68.2%</b>	<b>56</b> <b>52.3%</b>	<b>52</b> <b>100.0%</b>	<b>656</b> <b>100.0%</b>

\*Warrants cleared include warrants that were either served or recalled.

Table 6 displays the percentage of warrants cleared by crime categories. Based on this illustration, and of the five most common crime categories, serving assault warrants was the highest (88.1%) followed by violations of parole or probation (76.1%), failure to appear for a criminal case (65.7%), failure to appear for all other cases (61.5%), and theft (58.6%).

<b>Table 6. Percent of Warrants Cleared on 2016 Tax Refunds Withheld by Charge</b>				
<b>Charge</b>	<b>Agency</b>			<b>Total</b>
	<b>Anne Arundel County Sheriff's Office</b>	<b>Baltimore Police Department</b>	<b>Washington County Sheriff's Office</b>	
Assault	28 90.3%	8 80.0%	1 100.0%	<b>37</b> <b>88.1%</b>
CDS	2 50.0%	14 50.0%	N/A	<b>16</b> <b>50.0%</b>
FTA - Criminal	84 66.7%	N/A	4 50.0%	<b>88</b> <b>65.7%</b>
FTA - Other	129 64.2%	8 42.1%	10 52.6%	<b>147</b> <b>61.5%</b>
Other Violent	6 100.0%	1 100.0%	N/A	<b>7</b> <b>100.0%</b>
Other/Unknown	15 62.5%	4 40.0%	4 50.0%	<b>23</b> <b>54.8%</b>
Property Crime Offenses	3 50.0%	2 33.3%	2 100.0%	<b>7</b> <b>50.0%</b>
Quality of Life Offenses	2 66.7%	11 64.7%	1 100.0%	<b>14</b> <b>66.7%</b>
Theft/ Malicious Destruction of Property	25 64.1%	8 50.0%	1 33.3%	<b>34</b> <b>58.6%</b>
Violation of Parole/Probation	45 78.9%	N/A	6 60.0%	<b>51</b> <b>76.1%</b>
<b>Total</b>	<b>339</b> <b>68.2%</b>	<b>56</b> <b>52.3%</b>	<b>29</b> <b>55.8%</b>	<b>424</b> <b>64.6%</b>

### **Recommendations**

Based on the results of the data provided, and in response to Chapter 387 (2016), the Governor's Office of Crime Control & Prevention, in consultation with the Office of the Comptroller, recommend the continuation and expansion of the Warrant Intercept Program. Under the program, the Comptroller mails a letter to those with outstanding warrants, informing them of an opportunity to turn themselves in to law enforcement. Those named in a warrant can come in under safe and controlled conditions, affording

them the opportunity to arrange for bail, find an attorney, and avoid public embarrassment. Tax refunds withheld under this program will continue to be monitored, and data from new jurisdictions will be collected once fully implemented.

In addition, the Governor's Office of Crime Control & Prevention and the Office of the Comptroller recommend that those reports required under § 13-940 and §13-941 of the Tax-General Article be combined and submitted as one report to the Governor and General Assembly. Currently, the Office of the Comptroller must report to the House Ways and Means Committee and the Senate Budget and Taxation Committee regarding the Warrant Intercept Program (§ 13-940), and the Governor's Office of Crime Control & Prevention must report to the Governor and General Assembly (§ 13-941).

### **Conclusion**

The purpose of this report and all subsequent reports is to provide statistics on the number of tax refunds withheld by the Comptroller in the previous calendar year under the Warrant Intercept Program. This report includes data from the three jurisdictions that are currently participating in the Warrant Intercept Program (Anne Arundel County, Baltimore City, and Washington County).

There are many factors that impact warrant service such as the seriousness of the charge, number of additional open warrants, warrant backlog, whether the individual was present at the time of service, and whether the address was correct. Moving forward, the Governor's Office of Crime Control & Prevention, in consultation with the Office of the Comptroller, will continue to monitor the tax returns withheld under the Warrant Intercept Program, as well as collect data from any new jurisdictions as they formally implement this program.