

HOUSE BILL 762

Q3, O1

7lr2532

By: **Delegates Platt, D. Barnes, Buckel, Ebersole, Hettleman, Hornberger, C. Howard, Luedtke, Moon, Patterson, Tarlau, Turner, Walker, A. Washington, and M. Washington**

Introduced and read first time: February 3, 2017

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2017

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Earned Income Tax Credit – Eligibility Awareness Campaign Pilot**
3 **Program**

4 FOR the purpose of requiring the Department of Human Resources, in consultation with
5 the Office of the Comptroller, to implement and administer an earned income tax
6 credit eligibility awareness pilot program in Baltimore City and Somerset County
7 for a certain purpose; establishing the Earned Income Tax Credit Eligibility
8 Awareness Campaign Fund as a special, nonlapsing fund; specifying the purpose of
9 the Fund; requiring the Secretary of Human Resources to administer the Fund;
10 requiring the State Treasurer to hold the Fund and the Comptroller, in conjunction
11 with the Secretary, to account for the Fund; specifying the contents of the Fund;
12 specifying the purpose for which the Fund may be used; providing for the investment
13 of money in and expenditures from the Fund; beginning in a certain fiscal year,
14 requiring the Governor to include in the annual budget bill an appropriation of not
15 less than a certain amount to the Fund; requiring the Department to ensure that
16 certain individuals are informed about certain information; requiring the
17 Department to request certain taxpayer information from the Comptroller, to
18 identify certain individuals who may be eligible for but failed to claim certain credits,
19 and to contact individuals identified under this Act by mail for certain purposes;
20 authorizing the Department to award certain grants from the Fund to certain private
21 entities; requiring a private entity that is awarded a grant to enter into a certain
22 memorandum of understanding with the Department; requiring the private entity
23 to submit proof of certain grant expenditures; requiring the Department, in

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 consultation with the Comptroller, to adopt certain regulations; requiring the
 2 Department to report certain information to the General Assembly on or before a
 3 certain date each year; requiring the Comptroller to establish a checkoff on the
 4 individual income tax return through which certain individuals may authorize the
 5 Comptroller to disclose certain information to the Department; authorizing the
 6 Comptroller to disclose the information to the Department notwithstanding certain
 7 provisions of law; defining certain terms; providing for the application of certain
 8 provisions of this Act; providing for the termination of this Act; and generally
 9 relating to the earned income tax credit.

10 BY adding to

11 Article – Human Services

12 Section ~~2-501~~ through ~~2-504~~ 2-505 to be under the new subtitle “Subtitle 5. Earned
 13 Income Tax Credit Eligibility Awareness Campaign”

14 Annotated Code of Maryland

15 (2007 Volume and 2016 Supplement)

16 BY adding to

17 Article – Tax – General

18 Section 2-115

19 Annotated Code of Maryland

20 (2016 Replacement Volume)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

22 That the Laws of Maryland read as follows:

23 **Article – Human Services**

24 **SUBTITLE 5. EARNED INCOME TAX CREDIT ELIGIBILITY AWARENESS CAMPAIGN.**

25 **2-501.**

26 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
 27 INDICATED.

28 (B) “COMPTROLLER” HAS THE MEANING STATED IN § 1-101 OF THE
 29 TAX – GENERAL ARTICLE.

30 (C) “EARNED INCOME TAX CREDIT” MEANS:

31 (1) WITH RESPECT TO THE CREDIT ALLOWED AGAINST THE FEDERAL
 32 INCOME TAX, THE CREDIT ALLOWED UNDER § 32 OF THE INTERNAL REVENUE CODE;
 33 AND

1 (2) WITH RESPECT TO THE CREDIT ALLOWED AGAINST THE STATE
2 INCOME TAX, THE CREDIT ALLOWED UNDER § 10-704 OF THE TAX – GENERAL
3 ARTICLE.

4 (D) “FUND” MEANS THE EARNED INCOME TAX CREDIT ELIGIBILITY
5 AWARENESS CAMPAIGN FUND ESTABLISHED UNDER THIS SUBTITLE.

6 2-502.

7 (A) THIS SUBTITLE APPLIES ONLY IN BALTIMORE CITY AND SOMERSET
8 COUNTY.

9 (B) THE ELIGIBILITY AWARENESS CAMPAIGN REQUIRED UNDER THIS
10 SUBTITLE SHALL TARGET ONLY THOSE INDIVIDUAL TAXPAYERS WHO RESIDE IN
11 BALTIMORE CITY OR SOMERSET COUNTY.

12 ~~2-502.~~ 2-503.

13 (A) THERE IS AN EARNED INCOME TAX CREDIT ELIGIBILITY AWARENESS
14 CAMPAIGN FUND.

15 (B) THE SECRETARY SHALL ADMINISTER THE FUND.

16 (C) THE PURPOSE OF THE FUND IS TO:

17 (1) OFFSET THE COSTS OF THE EARNED INCOME TAX CREDIT
18 ELIGIBILITY AWARENESS CAMPAIGN CONDUCTED IN ACCORDANCE WITH THIS
19 SUBTITLE; AND

20 (2) PROVIDE GRANTS TO PRIVATE ENTITIES THAT PARTNER WITH
21 THE DEPARTMENT AS A PART OF THE CAMPAIGN.

22 (D) THE FUND IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS NOT
23 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

24 (E) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE
25 COMPTROLLER, IN CONJUNCTION WITH THE SECRETARY, SHALL ACCOUNT FOR THE
26 FUND.

27 (F) THE FUND CONSISTS OF:

28 (1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

1 **(2) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
2 **THE BENEFIT OF THE FUND.**

3 **(G) THE MONEY IN THE FUND SHALL BE INVESTED AND REINVESTED BY THE**
4 **STATE TREASURER, AND THE INTEREST AND EARNINGS SHALL BE CREDITED TO THE**
5 **GENERAL FUND OF THE STATE.**

6 **(H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**
7 **WITH THE STATE BUDGET.**

8 **(I) FOR FISCAL YEAR 2019, AND EACH FISCAL YEAR THEREAFTER, THE**
9 **GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF**
10 **AT LEAST ~~\$100,000~~ \$50,000 TO THE FUND.**

11 **(J) MONEY EXPENDED FROM THE FUND FOR THE EARNED INCOME TAX**
12 **CREDIT ELIGIBILITY AWARENESS CAMPAIGN UNDER THIS SUBTITLE IS**
13 **SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT**
14 **OTHERWISE WOULD BE APPROPRIATED FOR THE DEPARTMENT.**

15 ~~2-503.~~ 2-504.

16 **(A) THE DEPARTMENT, IN CONSULTATION WITH THE COMPTROLLER,**
17 **SHALL IMPLEMENT AND ADMINISTER AN EARNED INCOME TAX CREDIT ELIGIBILITY**
18 **AWARENESS CAMPAIGN TO ENCOURAGE ELIGIBLE INDIVIDUALS TO CLAIM THE**
19 **FEDERAL AND STATE EARNED INCOME TAX CREDITS.**

20 **(B) IN ADMINISTERING THE EARNED INCOME TAX CREDIT ELIGIBILITY**
21 **AWARENESS CAMPAIGN, THE DEPARTMENT SHALL:**

22 **(1) ENSURE THAT INDIVIDUALS WHO APPLY FOR OR RECEIVE PUBLIC**
23 **ASSISTANCE THROUGH THE DEPARTMENT ARE INFORMED BY THE DEPARTMENT**
24 **ABOUT THE FEDERAL AND STATE EARNED INCOME TAX CREDITS AND THAT THE**
25 **INDIVIDUALS MAY BE ELIGIBLE TO CLAIM THE CREDITS;**

26 **(2) (I) REQUEST THAT THE COMPTROLLER PROVIDE THE**
27 **DEPARTMENT THE TAXPAYER INFORMATION DESCRIBED UNDER § 2-115 OF THE**
28 **TAX – GENERAL ARTICLE;**

29 **(II) IDENTIFY THE INDIVIDUALS WHO MAY BE ELIGIBLE FOR**
30 **THE FEDERAL AND STATE EARNED INCOME TAX CREDITS BUT FAILED TO CLAIM THE**
31 **CREDITS; AND**

32 **(III) CONTACT EACH INDIVIDUAL IDENTIFIED UNDER ITEM (II)**
33 **OF THIS ITEM BY MAIL TO INFORM THE INDIVIDUAL THAT THE INDIVIDUAL MAY BE**

1 ELIGIBLE TO CLAIM THE FEDERAL AND STATE EARNED INCOME TAX CREDITS AND
2 HOW TO APPLY FOR THE CREDITS; AND

3 (3) PARTNER WITH PRIVATE ENTITIES TO INCREASE GENERAL
4 AWARENESS OF THE FEDERAL AND STATE EARNED INCOME TAX CREDITS.

5 (C) THE DEPARTMENT MAY:

6 (1) UTILIZE MONEY IN THE FUND TO OFFSET PRINTING AND POSTAGE
7 COSTS INCURRED BY THE DEPARTMENT FOR THE MAILING REQUIRED UNDER
8 SUBSECTION (B)(2) OF THIS SECTION; AND

9 (2) AWARD GRANTS FROM THE FUND TO THE PRIVATE ENTITIES WITH
10 WHICH THE DEPARTMENT PARTNERS UNDER SUBSECTION (B)(3) OF THIS SECTION
11 TO AID THOSE PRIVATE ENTITIES IN EFFORTS TO EDUCATE THE PUBLIC ABOUT THE
12 FEDERAL AND STATE EARNED INCOME TAX CREDITS AND ENCOURAGE ELIGIBLE
13 INDIVIDUALS TO APPLY FOR THE CREDITS.

14 (D) (1) BEFORE THE DISTRIBUTION OF GRANT FUNDS, GRANT
15 RECIPIENTS SHALL EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE
16 DEPARTMENT AND AGREE TO WORK WITH THE DEPARTMENT IN ACCORDANCE WITH
17 DEPARTMENT GUIDELINES.

18 (2) AFTER RECEIVING A GRANT AWARD, THE GRANT RECIPIENT
19 SHALL SUBMIT A REPORT TO THE DEPARTMENT DETAILING THE USE OF GRANT
20 FUNDS.

21 (E) THE DEPARTMENT, IN CONSULTATION WITH THE COMPTROLLER,
22 SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING THE
23 CRITERIA AND PROCEDURES FOR THE APPLICATION FOR AND AWARD OF GRANTS
24 FROM THE FUND.

25 ~~2-504.~~ 2-505.

26 ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE DEPARTMENT SHALL
27 REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE
28 STATE GOVERNMENT ARTICLE, ON THE IMPLEMENTATION AND ADMINISTRATION
29 OF THE EARNED INCOME TAX CREDIT ELIGIBILITY AWARENESS CAMPAIGN UNDER
30 THIS SUBTITLE AND ANY EXPENDITURES FROM THE FUND ESTABLISHED UNDER §
31 ~~2-502~~ 2-503 OF THIS SUBTITLE.

32 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
33 as follows:

Article – Tax – General

2-115.

(A) (1) THE COMPTROLLER SHALL INCLUDE ON THE INDIVIDUAL INCOME TAX RETURN FORM A CHECKOFF DESIGNATED AS “AUTHORIZATION TO DISCLOSE TAXPAYER INFORMATION TO DEPARTMENT OF HUMAN RESOURCES”.

(2) THE CHECKOFF SHALL STATE THAT:

(I) 1. THE AUTHORIZATION TO DISCLOSE TAXPAYER INFORMATION APPLIES ONLY TO TAXPAYERS THAT RESIDE IN BALTIMORE CITY OR SOMERSET COUNTY; AND

2. THE INFORMATION PROVIDED IS INTENDED TO FACILITATE AN EARNED INCOME TAX CREDIT ELIGIBILITY AWARENESS CAMPAIGN PILOT PROGRAM; AND

(II) THE INDIVIDUAL, OR EACH SPOUSE IN THE CASE OF A JOINT RETURN, MAY AUTHORIZE THE COMPTROLLER TO PROVIDE THE DEPARTMENT OF HUMAN RESOURCES, ON THE WRITTEN REQUEST OF THAT DEPARTMENT, INFORMATION ON THE AMOUNT OF INCOME, FILING STATUS, NUMBER AND TYPE OF DEPENDENTS, AND WHETHER THE FEDERAL EARNED INCOME TAX CREDIT HAS BEEN CLAIMED AS REPORTED BY THE INDIVIDUAL, OR EACH SPOUSE IN THE CASE OF A JOINT RETURN.

(3) THE COMPTROLLER SHALL INCLUDE WITH THE INDIVIDUAL INCOME TAX RETURN PACKAGE A DESCRIPTION OF THE PURPOSES FOR WHICH THE INFORMATION AUTHORIZED TO BE DISCLOSED UNDER THE CHECKOFF ESTABLISHED UNDER THIS SUBSECTION MAY BE USED.

(B) IF AN INDIVIDUAL, OR EACH SPOUSE IN THE CASE OF A JOINT RETURN, AUTHORIZES THE COMPTROLLER TO DISCLOSE THE INFORMATION DESCRIBED UNDER SUBSECTION (A)(2) OF THIS SECTION, THE COMPTROLLER MAY DISCLOSE THE INFORMATION TO THE DEPARTMENT OF HUMAN RESOURCES, NOTWITHSTANDING THE PROHIBITION UNDER § 13-202 OF THIS ARTICLE.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after December 31, 2016, but before January 1, 2020.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017. It shall remain effective for a period of 3 years and, at the end of June 30, 2020, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.