COMPTROLLER of MARYLAND
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Peter Franchot
Comptroller

January 20, 2009

Honorable Martin O'Malley
Governor of Maryland
State House
Annapolis, Maryland 21404

Honorable Thomas V. Miller, Jr.
President of the Senate
State House
Annapolis, Maryland 21404

Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, Maryland 21404

Dear Governor, President and Speaker:

As required by Tax – General §10-108(b) of the Annotated Code of Maryland, I am submitting this report on the impact on Maryland revenues of recent changes made to the Internal Revenue Code by the Inmate Tax Fraud Prevention Act of 2008. No provision of this bill will trigger the automatic decoupling required under Tax – General §10-108.

The Inmate Tax Fraud Prevention Act of 2008 allows the Secretary of the Treasury to disclose to the head of the Bureau of Prisons any tax return information with respect to an individual who is incarcerated in a federal prison, if the Secretary suspects that the individual may have filed or facilitated the filing of a false return. This provision may increase Maryland income tax revenues by a nominal amount to the extent that any investigation of an inmate's tax return results in a correction to the return in the State's favor. However, at the federal level, the Joint Committee on Taxation has estimated the revenue increase to be less than $500,000 in each of the first four years of enactment of the bill, and therefore any impact on Maryland revenues would be negligible to nonexistent in any given year.

I hope this information is useful to you. If you have any questions or concerns, please contact my office or David F. Roose, the Director of the Bureau of Revenue Estimates, who prepared this analysis.

Sincerely,

Peter Franchot

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