



# COMPTROLLER OF MARYLAND

## ORIGIN & FUNCTIONS



Goldstein Treasury Building, 80 Calvert St., Annapolis, MD 21404 - 0466

The office of the Comptroller of Maryland was established by the Constitution of 1851 (Art. VI, secs. 1-4). Delegates to the 1850 Constitutional Convention, concerned about the potential for fraud and corruption in the administration of the public treasury, established the office as a check on the State Treasurer. The present Constitution enumerates the duties of the Comptroller's office, beginning with the broad mandate to exercise "general superintendence of the fiscal affairs of the State", which includes collecting taxes and maintaining the general ledger. In contrast, the State Treasurer oversees the State Treasury, investing funds received by the State, issuing and redeeming bonds, and paying the obligations of State government. Whereas, the Comptroller (or deputies) countersigns all checks drawn by the State Treasurer upon the deposits of the State. The Comptroller also prescribes the formalities for transfer of other evidence of State debt and countersigns such papers (Code State Government Article, secs. 4-101 through 4-111).

*Goldstein Treasury Building, Annapolis, Maryland, March 1998. Photo by Diane P. Frese.*

Many State taxes are administered and collected by the Comptroller. These include personal and corporate (including employee withholding) income taxes; retail sales and use taxes; motor vehicle fuel tax; road tax on motor carriers; State tobacco tax; Maryland estate tax; and excise taxes on beer, wine, and liquor. Also administered by the Comptroller are the Abandoned Property and Dormant Bank Account Laws. Revenues collected by the Maryland Racing Commission, as well as motor vehicle revenues, are distributed to local jurisdictions by the Comptroller's Office. Admissions and amusement tax revenues are collected by the Compliance Division, at rates set by local officials, and distributed to each county and Baltimore City.

Each month the Comptroller collects license revenues, State property transfer taxes, death taxes, and real and personal property taxes from the clerks of the courts, registers of wills, and county treasurers of each county. The Comptroller also prescribes the form of all licenses required by the State licensing laws, which are issued through the clerks of the courts of the various counties. Distribution of certain taxes and revenue is made to Maryland cities, towns, and counties and to other State agencies as prescribed by law (Code Business Regulation Article, secs. 11-401 through 11-406; Code Tax - General Article, secs. 2-201 through 2-203, 2-301, 2-302, 2-606 through 2-609, 2-614, 2-617, 2-901, 2-902, 2-1001 through 2-1004, 2-1506; Code Transportation Article, secs. 8-401 through 8-407).

By law, the Comptroller of Maryland serves on the Board of Public Works; the Maryland Agricultural Land Preservation Foundation; the Banking Board; the Board of State Canvassers; the Capital Debt Affordability Committee; the College Savings Plans of Maryland Board; the Commission on the State Debt; the Maryland Food Center Authority; the Hall of Records Commission; the Maryland Industrial Development Financing Authority; the Board of Trustees for Maryland State Retirement and Pension System; the Board of Revenue Estimates; and the Maryland State Employees Surety Bond Committee. The Comptroller also serves on the Eastern Shore Task Force on Foster Care; the Advisory Committee on the Naming of State Facilities, Roads, and Bridges; the Maryland Commission on Public Art; and the Blue Ribbon Commission to Study Retiree Health-Care Funding Options.

The Comptroller is elected by popular vote for a term of four years (Const., Art. VI, sec. 1). The number of terms a Comptroller may serve is not limited. Neither the Constitution nor the *Annotated Code of Maryland* states qualifications for this office. Yet, the Comptroller must give a bond and keep the office at the seat of government. The Comptroller begins his duties on the third Monday in January following election.

The Office of Comptroller of Maryland is organized under two deputy comptrollers. The Chief of Staff oversees Administration.

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## **ADMINISTRATION**

Organized in 1994, Administration is responsible for the offices of: Communications; Equal Employment Opportunity; Intergovernmental Relations; and Personnel Services.

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### **BOARD OF REVENUE ESTIMATES**

P. O. Box 466, Goldstein Treasury Building, 80 Calvert St., Annapolis, MD 21404 - 0466

Created in 1945, the Board of Revenue Estimates is concerned with revenues that will fund State government (Chapter 991, Acts of 1945). The Board reviews the findings and recommendations of the Bureau of Revenue Estimates. The Board then sends to the Governor, for submission to the General Assembly, an itemized statement of estimated revenues for the current and next fiscal years. With the itemized statement, the Board submits its recommendations to the Governor.

The Board has three ex officio members: the Comptroller of Maryland, the State Treasurer, and the Secretary of Budget and Management. The Director of the Bureau of Revenue Estimates serves as Executive Secretary (Code State Finance and Procurement Article, secs. 6-101, 6-102, 6-106).

### **BUREAU OF REVENUE ESTIMATES**

P. O. Box 466, Goldstein Treasury Building, 80 Calvert St., Annapolis, MD 21404 - 0466

The Bureau of Revenue Estimates was established in 1945 (Chapter 991, Acts of 1945). The Bureau studies and analyzes all sources of revenue to operate State government. For the Board of Revenue Estimates, the Bureau prepares an analysis of the State's economic outlook, and the itemized statement of anticipated revenue. The Bureau also devises equitable and economical means to collect such revenue and may recommend new revenue sources. Proposals to change Maryland tax laws are analyzed by the Bureau to determine their fiscal impact.

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## **OPERATIONS**

Operations formed in 1994 as Revenue Operations. It oversees the Central Payroll Bureau, and seven divisions: Administration and Finance; Compliance; Field Enforcement; General Accounting; Information Technology; Motor-Fuel, Alcohol and Tobacco Tax Regulatory; and Revenue Administration.

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### **ADMINISTRATION & FINANCE DIVISION**

To consolidate administrative functions of the Comptroller of Maryland, the Budget and Finance Division began in 1994. It was renamed the Administration and Finance Division in 1996.

The Division is responsible for finance and procurement. It also oversees fleet management, mail, print services, and telecommunications. In addition, the Division administers capital grants, loan funds, and records of the bonded debt of State for General Obligation Bonds.

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### **CENTRAL PAYROLL BUREAU**

P. O. Box 2396, Annapolis Data Center, 108 Carroll St., Annapolis, MD 21404 - 2396

The Central Payroll Bureau is responsible for issuing paychecks to all State employees, except those in the Maryland Transit Administration. The Bureau handles deductions, payroll taxes, federal withholding (W-2) forms, and other payroll reports for State government.

Formed in 1953, the Central Payroll Bureau was authorized several years earlier by the Board of Public Works. The Bureau was created to begin a standardized system of paying wages to State government employees. Prior to its formation, each agency issued paychecks. Thereafter, the Bureau (beginning with a few agencies) extended a uniform payroll system throughout State government.

Originally, the Comptroller of Maryland and the State Treasurer jointly exercised supervision over the Bureau. This arrangement ended in 1958. Since that time, the Bureau has reported directly to the Comptroller.

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## **COMPLIANCE DIVISION**

301 West Preston St., 2nd floor, Baltimore, MD 21201

Created in 1993, the Compliance Division consolidates certain functions of the former Sales and Use Tax Division and the former Income Tax Division.

The Compliance Division enforces all tax laws administered by the Comptroller of Maryland, including those relating to individual income taxes and business taxes, such as corporate income, withholding, and sales and use taxes. The Division conducts taxpayer audits and investigations, and collects delinquent taxes. In addition, the Division levies tax assessments, processes tax appeals, and enforces sanctions, such as asset liens.

Functions of the Compliance Division are overseen by two assistant directors. One is in charge of Accounting, Compliance Programs, Field Audit, the PC Network, and Unclaimed Property Sections. The other oversees Collections, and Hearings and Appeals.

## **ACCOUNTING, COMPLIANCE PROGRAMS, FIELD AUDIT, FISCAL ADMINISTRATION, PC NETWORK, & UNCLAIMED PROPERTY**

### **COMPLIANCE PROGRAMS**

The Compliance Programs Section oversees Bulk Sales and Special Events, Business Nexus Programs, Individual Nexus Programs, and Tax Investigation.

#### **BULK SALES & SPECIAL EVENTS**

Bulk Sales ensures that the five-percent sales tax is paid on certain tangible personal property included in the sale of businesses. Special Events collects the State admissions and amusement tax levied at one-time affairs, such as dances and bull roasts. The unit also collects the sales and use tax for vendors at craft shows, festivals, and similar events.

#### **BUSINESS NEXUS PROGRAMS**

Business Nexus Programs investigates business activity in the State to determine income tax and sales and use tax jurisdiction.

#### **INDIVIDUAL NEXUS PROGRAMS**

Individual Nexus Programs participates in an agreement between the Internal Revenue Service and Maryland which identifies potential income tax owed to the State. Where additional federal taxes are due, additional State taxes often are due.

#### **TAX INVESTIGATION**

Tax Investigation investigates possible criminal violations of Maryland laws relating to personal income, withholding and sales taxes.

### **FIELD AUDIT**

Field Audit audits all business taxes administered by the Comptroller. These taxes include alcohol and tobacco, corporate

income, motor fuel, and sales and use.

### UNCLAIMED PROPERTY

Unclaimed Property administers the Uniform Disposition of Abandoned Property Act.

### COLLECTIONS, & HEARINGS & APPEALS

The Annapolis Collections Section and the Baltimore Collections Section collect delinquent and deficient taxes administered by the Comptroller. These include personal income tax, employer withholding, sales and use tax, admissions and amusement tax, corporate income tax, and the tire fee. The Hearings and Appeals Section hears and issues decisions on all contested tax assessments.

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## FIELD ENFORCEMENT DIVISION

In July 1999, the Field Enforcement Division originated when the State License Bureau merged with the Investigative Services Unit of the Compliance Division (including the Motor Fuel Laboratory) to form the Field Enforcement Division. By further reorganization in January 2004, the Field Enforcement Division merged with the Alcohol and Tobacco Tax Division to create the Regulatory and Enforcement Division. In October 2005, the Motor Fuel Tax Bureau also was added to the Division. Through reorganization in June 2007, the Alcohol and Tobacco Tax Bureau and the Motor Fuel Tax Bureau merged to form their own division, and the Regulatory and Enforcement Division again became the Field Enforcement Division.

The Field Enforcement Division enforces trade practice regulations and revenue laws related to alcoholic beverages, tobacco, motor fuel, and sales use taxes. The Division pursues all legal and reasonable means to identify and collect revenues due to the State. Division agents conduct investigations, arrest violators, collect unpaid taxes, issue citations, and perform inspections. From businesses that sell motor fuel, Division compliance inspectors conduct field inspections and collect fuel samples. These inspectors also carry out business license inspections and routinely inspect establishments that sell alcoholic beverages. Agents and inspectors work together to regulate transient vendors and use-tax violators.

### FIELD ENFORCEMENT BUREAU

#### MOTOR FUEL LABORATORY

Samples of gasoline, diesel fuel, home-heating oil, and kerosene collected by inspectors are tested at the Motor Fuel Laboratory. Testing ensures that Maryland standards for octane levels and other specifications, are met, and that certain dyed fuels are not being sold illegally. The Laboratory also tests alcohol.

### STATE LICENSE BUREAU

The State License Bureau administers and tracks 21 different business licenses issued by clerks of the courts. These licenses are issued to construction companies and warehouses, hawkers and peddlers, restaurants, and traders, among others.

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## GENERAL ACCOUNTING DIVISION

P. O. Box 0746, Goldstein Treasury Building, 80 Calvert St., Annapolis, MD 21404 - 0746

The General Accounting Division was the original office of the State Comptroller, created with the establishment of the office in 1851. The Division maintains the State's general ledger and other accounting records. The Division accounts for all State funds received and disbursed and countersigns and distributes all State Treasury checks. In addition, the Division annually prepares the State's general purpose financial statements.

The Division consists of two sections: Administration, Office Systems, and Development; and Financial Reporting, Operations, and Pre-Audits.

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## **INFORMATION TECHNOLOGY DIVISION**

P. O. Box 2367, Annapolis Data Center, 108 Carroll St., Annapolis, MD 21404 - 2367

The Information Technology Division began in 1967 as the Data Processing Division, and received its present name in July 1999. Through the Division, the Comptroller operates a large computer center in Annapolis. The center provides local and remote computer services via terminals and communications networks for all divisions under the Comptroller, thirteen major departments of State government, and many small agencies. Operating costs are reimbursed by the using agencies.

Under the Division are five main units: the Annapolis Data Center; Distributed Systems; Financial and Web Application Systems; Fiscal Services; and Tax Application Systems.

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## **MOTOR-FUEL, ALCOHOL & TOBACCO TAX REGULATORY DIVISION**

In June 2007, the Motor-Fuel, Alcohol and Tobacco Tax Regulatory Division formed to oversee two units: the Alcohol and Tobacco Tax Bureau; and the Motor Fuel Tax Bureau. The Division administers laws and regulations concerned with the manufacturing, storage, transportation, sale, and distribution of alcoholic beverages, tobacco, and motor fuels. The Division also collects the related excise taxes.

### **ALCOHOL & TOBACCO TAX BUREAU**

P. O. Box 2999, Goldstein Treasury Building, 80 Calvert St., Annapolis, MD 21404 - 2999

The Alcohol and Tobacco Tax Bureau began in 1936 as the Alcoholic Beverages Division. It was consolidated with the Tobacco Tax Unit in 1975 as the Alcohol and Tobacco Tax Division. In 1993, it was renamed the Alcohol and Tobacco Tax Unit, and became a division again in 1999. Through reorganization in January 2004, the division reformed as the Alcohol and Tobacco Tax Bureau and transferred to the Regulatory and Enforcement Division. In June 2007, it became part of the Motor-Fuel, Alcohol and Tobacco Tax Regulatory Division.

The Bureau enforces certain alcoholic beverage and tobacco tax laws. Through the Bureau, the Comptroller controls, regulates, and issues licenses for the manufacture, sale, transportation, and distribution of alcoholic beverages and cigarettes into, within, and from Maryland. Twenty types of permits related to these activities are issued. The Bureau also regulates advertising, promotional activities, and other trade practices in the alcohol and cigarette industries.

### **MOTOR FUEL TAX BUREAU**

P. O. Box 1751, Goldstein Treasury Building, 80 Calvert St., Annapolis, MD 21401 - 1751

The Motor Fuel Tax Bureau originated in 1929 as the Gasoline Tax Division. In 1989, the Division was renamed the Motor Vehicle Fuel Tax Division and, in 1993, the Motor Fuel Tax Unit. The Unit became the Motor Fuel Tax Division in 1999, and reformed as the Motor Fuel Tax Bureau under the Regulatory and Enforcement Division in October 2005. In June 2007, it joined the Alcohol and Tobacco Tax Bureau to form the Motor-Fuel, Alcohol and Tobacco Tax Regulatory Division.

For the purpose of collecting motor fuel and road use taxes, the Bureau administers the Motor Fuel Tax and Motor Carrier Tax Laws. The Bureau registers and licenses motor fuel dealers, diesel fuel sellers and users, and motor carriers. For quality control, the Bureau also administers and enforces the Motor Fuel and Lubricants Law by registering and regulating entities that store, sell, and transport motor fuel.

The Bureau is responsible for Accounting and Internal Audit.

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## **REVENUE ADMINISTRATION DIVISION**

Revenue Administration Center, 110 Carroll St., Annapolis, MD 21411

The Revenue Administration Division was created in July 1993, when the revenue divisions of the Comptroller of Maryland were reorganized from a tax-type to a functional basis. The Division processes paper and electronic tax returns; receives payments from individuals, corporations, businesses, employers, and fiduciaries; and issues refunds. Part of the revenue received is distributed to Maryland's county and municipal governments.

Through its taxpayer services branch offices, the Division provides free income tax preparation. The Division also helps citizens obtain forms and instructions, and answers questions about Maryland tax laws.

The Division is composed of three main units: Administration; Legal; and Processing.

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