



Peter Franchot
Comptroller

May 13, 2021

The Honorable Cheryl C. Kagan
The Senate of Maryland
11 Bladen Street, Suite 2 West
Annapolis, Maryland 21401

Dear Senator Kagan:

I am in receipt of your campaign press release concerning my agency's auditing responsibilities of 9-1-1 fees. It is regrettable, given my agency's close cooperation with you and the Next Generation 9-1-1 Commission, that you have elected to publicly and intentionally mischaracterize my agency's efforts.

As you are well aware, in response to the COVID-19 pandemic and in compliance with the Governor's emergency executive orders, my agency temporarily suspended auditing and collection functions due to the unprecedented public health and economic challenges our world has experienced over the last year.

In your campaign press release, you noted that the Deputy Comptroller, in a November 4, 2020 letter in response to your October 30, 2020 letter, noted our intention to inform the Governor that we will resume auditing functions for 9-1-1 fees as you requested. As was confirmed by my chief legislative officer on December 15, 2020 in response to an inquiry from your chief of staff, the audit process for 9-1-1 fees begun last December as was promised by the Deputy Comptroller in her response to you. Therefore, it is even more perplexing that you sent out this press release that is patently false. (E-mail attached) Currently, there are multiple ongoing audits for 9-1-1 fees.

As I am sure you are aware, your legislation prescribes, "*...the information that the telephone company provides to the Comptroller shall be confidential, privileged, and proprietary and may not be disclosed to any person other than the telephone company or CRMS provider.*" Therefore, I hope you did not expect my agency to disclose specific taxpayer information relating to ongoing audits with you or members of the 9-1-1 Next Generation Commission. It is not the practice of my agency to publicly disclose which taxpayers or entities are under audit, nor is it permissible by law.

Furthermore, your legislation requires my agency to "*on or before December 1 each year ... submit an annual report to the [Emergency Numbers System] Board detailing the audits conducted during the immediately preceding year and the outcome of each audit.*" Given that, it was surprising to learn that you are "shocked" and "disappointed" that the Board has not received any data from my agency, as the first report for calendar year 2020 – the year in which your legislation was enacted – is not due until December 1, 2021. **We intend to submit that report by December 1, 2021, as your legislation requires.**

While I appreciate your leadership and passion on this very important issue, I strongly reject the offensive tone and baseless statements in your campaign press release, most notably this sentence: *“I urge you to take time away from the campaign trail to ensure that your taxpayer-paid employees are fulfilling their responsibilities.”* As elected officials, it comes with the territory to be subjected to cheap political potshots and untruths. Typically, the professional, nonpartisan, and dedicated state employees that have kept our government functioning in the last year are spared from the mudslinging.

Since you have chosen to accuse Comptroller’s Office employees of not fulfilling their responsibilities – many of whom reported to work every single day due to the nature of their job duties while most of us had the luxury of teleworking – I would be remiss if I didn’t provide you with some information that would dispel that absurd assumption:

- As previously stated, auditors in my Compliance Division are – in fact – currently conducting multiple audits of telephone companies that collect 9-1-1 fees.
- This week alone, in response to the Colonial Pipeline cyberattack, the Comptroller’s Field Enforcement Bureau has worked closely with federal and state entities to issue waivers to ensure motor fuel stations in the state have access to other sources of gasoline products.
- Despite a disruptive tax season that included numerous changes to federal and state tax laws impacting the current tax year, Revenue Administration Division employees have processed more than 2.3 million returns, and issued 1.5 million refunds totaling \$1.6 billion.
- Our nationally acclaimed Questionable Returns Detection Team successfully intercepted more than 3,500 fraudulent returns during this tax filing season, preventing more than \$8.5 million from being stolen from our state’s treasury.
- Most notably, the passage of the *RELIEF Act of 2021* added new responsibilities to the Comptroller’s Office – including the disbursement of stimulus payments and unemployment grants. Within three days of the bill being signed into law, 98% of stimulus payments – more than 415,000 – to eligible recipients were processed, and to date, over 33,000 unemployment grants have been paid to unemployed Marylanders awaiting adjudication. In total, more than \$179.5 million in *RELIEF Act* stimulus checks and \$34 million in unemployment grant checks were expeditiously processed by my agency.
- Our Central Payroll Bureau didn’t miss a beat in processing payroll for 103,282 regular and contractual employees of state government, including employees of the University System of Maryland. Those paychecks totaled \$9 billion.
- Since last March, our General Accounting Division processed an unprecedented 2.3 million vendor payments totaling \$65.2 billion, ensuring that the State was able to secure supplies and services necessary to safeguard the health and welfare of our citizens, paying child care facilities so that our first responders and frontline workers can do their jobs, and so small businesses that have contracts with the State were paid.
- Our Unclaimed Property Division processed more than 35,000 claims totaling \$64 million.
- Over the last year, our Taxpayer Services Division answered more than 269,000 phone calls and 72,000 e-mails, and conducted nearly 6,000 virtual appointments to assist taxpayers.

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I remain exceedingly proud of the work of the 1,100 dedicated women and men of the Comptroller's Office and each of us should express gratitude – not use them as political pawns – for the work that they have done, especially under the challenging circumstances over the last year.

In closing, my agency remains committed to enforcing the provisions in your legislation and fulfilling the reporting requirements. We will continue to conduct audits of telephone companies whenever and wherever appropriate, to determine if additional 9-1-1 fees beyond the fees that have been remitted to my agency are owed to the State. Should our audits, in fact, find that additional fees are owed, our Compliance Division will work aggressively to capture these fees.

Now that the inaccuracies in your campaign press release have been clarified and corrected, I trust that this letter resolves any misconception that you may have about my agency's work involving 9-1-1 audits and has dispelled any lingering thought that our dedicated employees may not be doing their jobs. As always, should you have any questions or concerns, or if my office could be of service to you or your constituents, please do not hesitate to call or e-mail me or any member of my staff.

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive, flowing style.

Peter Franchot
Comptroller

Enclosure: E-mail between Justin Hayes, Chief Legislative Officer for the Comptroller, and Ryan Kirby, Chief of Staff to Senator Cheryl Kagan, December 15, 2020

CC: The Honorable William C. Ferguson, IV, President of the Senate
The Honorable Adrienne A. Jones, Speaker of the House
The Honorable Larry Hogan, Governor
The Honorable Brian E. Frosh, Attorney General
Steve Souder, Vice Chair, Next Generation 9-1-1 Commission
Members of the Next Generation 9-1-1 Commission
Victoria Gruber, Executive Director, Department of Legislative Services
Gregory Hook, Legislative Auditor, Office of Legislative Audits
Michael Powell, Office of Program Evaluation & Government Accountability

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ENCLOSURE: E-mail between Justin Hayes, Chief Legislative Officer for the Comptroller, and Ryan Kirby, Chief of Staff to Senator Cheryl Kagan, December 15, 2020

From: Kagan, Cheryl Senator <Cheryl.Kagan@senate.state.md.us>
Sent: Tuesday, December 15, 2020 2:00 PM
To: Hayes, Justin <JHAYES@marylandtaxes.gov>
Subject: RE: 911 Commission Letter from the Comptroller

Thanks, Justin!
I appreciate the information.
Stay safe!

Ryan Kirby
Chief of Staff

Senator Cheryl C. Kagan
Vice Chair, Education, Health, & Environmental Affairs Committee
District 17, Rockville & Gaithersburg
2W Miller Senate Office Building
Annapolis, MD 21401
301-858-3134
Cheryl.Kagan@senate.state.md.us

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From: Hayes, Justin [<mailto:JHAYES@marylandtaxes.gov>]
Sent: Tuesday, December 15, 2020 1:49 PM
To: Kagan, Cheryl Senator <Cheryl.Kagan@senate.state.md.us>
Subject: Re: 911 Commission Letter from the Comptroller

Ryan,

I can confirm that:

"The Business Tax Audit Section of the Compliance Division has started the audit process as indicated would begin once the Governor's Office had been notified of our intention and 30 days had passed. The Governor's Office was notified of the decision on November 10th.

Letters have been mailed to audit subjects and once received we expect a response and a formal audit date will be finalized. This is standard audit procedure and our expectation is that the audits will formally begin in January with documents submitted for review."

Please let me know if you have any additional questions.

Thanks,

Justin

Sent from my smartphone, please excuse any typos

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From: Kagan, Cheryl Senator <Cheryl.Kagan@senate.state.md.us>

Sent: Monday, December 14, 2020 12:45:25 PM

To: Hayes, Justin <JHAYES@marylandtaxes.gov>

Subject: FW: 911 Commission Letter from the Comptroller

Justin:

Sen. Kagan is getting ready to release the NG911 Commission Report.

Has the Comptroller's Office started to audit the 9-1-1 fee?

Thanks!

Ryan Kirby

Chief of Staff

Senator Cheryl C. Kagan

Vice Chair, Education, Health, & Environmental Affairs Committee

District 17, Rockville & Gaithersburg

2W Miller Senate Office Building

Annapolis, MD 21401

301-858-3134

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