

My second and principal objection to the legislation concerns its retroactive application to affect claims already filed and denied by the Comptroller. As a general matter, changes in tax law are only applied prospectively beginning with the current tax year or a future tax year. Under Senate Bill 38, the change is not only retroactive, but the affected individuals are given *18 months* to file their claims, not *one year* as is the case for prospective taxpayers. Applying a different, more favorable tax law retroactively than is applied prospectively is inherently unfair and in my view, not sound tax policy. I cannot support the retroactive application of Senate Bill 38 and again urge the General Assembly to reconsider this provision.

For the above reasons, I have vetoed Senate Bill 38.

Sincerely,  
Parris N. Glendening  
Governor

### Senate Bill No. 38

AN ACT concerning

#### Income Tax - Claims for Refunds

FOR the purpose of allowing certain claims for refund or credit for overpayment of income tax to be filed within a certain period after the date of certain decisions of administrative boards or courts; providing for the application of this Act in a certain manner to certain claims filed before the effective date of this Act; and generally relating to the limitations period for certain claims for refund or credit for overpayment of income tax.

BY adding to

Article - Tax - General

Section 13-1104(j)

Annotated Code of Maryland

(1997 Replacement Volume and 2001 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

#### Article - Tax - General

13-1104.

(J) NOTWITHSTANDING SUBSECTION (C) OF THIS SECTION, A CLAIM FOR REFUND OR CREDIT FOR OVERPAYMENT OF INCOME TAX ATTRIBUTABLE TO A RIGHT TO A REDUCTION IN A PERSON'S MARYLAND INCOME TAX THAT IS ESTABLISHED BY A DECISION OF AN ADMINISTRATIVE BOARD OR BY AN APPEAL OF A DECISION OF AN ADMINISTRATIVE BOARD MAY BE FILED WITHIN 1 YEAR AFTER THE DATE OF A FINAL DECISION OF THE ADMINISTRATIVE BOARD OR A FINAL DECISION OF THE HIGHEST COURT TO WHICH AN APPEAL OF A FINAL DECISION OF THE ADMINISTRATIVE BOARD IS TAKEN.