

Chapter 322

(House Bill 422)

AN ACT concerning

Interest Rate on Tax Deficiencies and Refunds

FOR the purpose of ~~repealing the calculation of the interest rate on tax deficiencies and refunds; providing that the interest rate on tax deficiencies and refunds is a certain rate; repealing a requirement that the Comptroller annually set the interest rate on tax deficiencies and refunds; altering the calculation of the annual interest rate that the Comptroller sets for tax deficiencies and refunds; providing for a delayed effective date;~~ and generally relating to the annual interest rate on tax deficiencies and refunds.

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 13–604
Annotated Code of Maryland
(2010 Replacement Volume and 2015 Supplement)

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

Article – Tax – General

13–604.

~~[(a)]~~ The rate of interest for each month or fraction of a month ~~is~~ the percent equal to one–twelfth of the annual interest rate that the Comptroller sets for the calendar year under subsection (b) of this section] ~~FOR INTEREST ON REFUNDS AND MONEY OWED TO THE STATE IS ONE TWELFTH OF 12%.~~

~~[(b)]~~ On or before October 1 of each year, the Comptroller shall set the annual interest rate for the next calendar year on refunds and moneys owed to the State as the percent, rounded to the nearest whole number, that is at the percent that equals the greater of:

- (1) ~~13%~~
- (I) 13% FOR 2016;**
- (II) 12% FOR 2017;**
- (III) ~~11%~~ 11.5% FOR 2018;**

(IV) ~~10%~~ 11% FOR 2019; AND

(V) ~~9%~~ 10.5% FOR 2020;

(VI) 10% FOR 2021;

(VII) 9.5% FOR 2022; AND

(VIII) 9% FOR 2023 AND EACH YEAR THEREAFTER; or

(2) 3 percentage points above the average prime rate of interest quoted by commercial banks to large businesses during the State's previous fiscal year, based on determination by the Board of Governors of the Federal Reserve Bank.†

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~January 1, 2017~~ July 1, 2016.

Approved by the Governor, May 10, 2016.