

HOUSE BILL 422

Q7

6lr0645

By: **Delegates Fraser–Hidalgo, Brooks, Barve, Beidle, Kelly, Kramer, Luedtke, Reznik, S. Robinson, Turner, and Walker**

Introduced and read first time: January 29, 2016

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2016

CHAPTER _____

1 AN ACT concerning

2 **Interest Rate on Tax Deficiencies and Refunds**

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

10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 13–604
13 Annotated Code of Maryland
14 (2010 Replacement Volume and 2015 Supplement)

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

17 **Article – Tax – General**

18 13–604.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

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

9 (1) ~~13%~~

10 (I) 13% FOR 2016;

11 (II) 12% FOR 2017;

12 (III) 11% FOR 2018;

13 (IV) 10% FOR 2019; AND

14 (V) 9% FOR 2020 AND EACH YEAR THEREAFTER; or

15 (2) 3 percentage points above the average prime rate of interest quoted by
 16 commercial banks to large businesses during the State's previous fiscal year, based on
 17 determination by the Board of Governors of the Federal Reserve Bank. ~~]~~

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.