

ENROLLED BILL

-- Ways and Means/Budget and Taxation --

Introduced by **Delegates Rosenberg and Cardin**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Tax Procedure - Refunds - Interest Rate**

3 FOR the purpose of altering the calculation of the annual interest rate that the
4 Comptroller sets for refunds; ~~providing for the application of this Act;~~ and
5 generally relating to the annual interest rate on tax refunds.

6 BY repealing and reenacting, with amendments,
7 Article - Tax - General
8 Section 13-604
9 Annotated Code of Maryland
10 (2004 Replacement Volume and 2005 Supplement)

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

1

Article - Tax - General

2 13-604.

3 (a) The rate of interest for each month or fraction of a month is the percent
4 equal to one-twelfth of the annual interest rate that the Comptroller sets for the
5 calendar year under subsection (b) of this section.

6 (b) On or before October 1 of each year, the Comptroller shall set the annual
7 interest rate for the next calendar year ON REFUNDS AND MONEYS OWED TO THE
8 STATE ON REFUNDS AND MONEYS OWED TO THE STATE as the percent, rounded to
9 the nearest whole number, that is at the percent that equals:

10 (1) ~~for moneys owed to the State,~~ the greater of:

11 ~~(i)~~ (1) (1) 13%; or

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

16 (2) ~~for refunds, 2 percentage points above the average investment yield~~
17 ~~on State money for the State's previous fiscal year, as published in the Treasurer's~~
18 ~~Annual Report.~~

19 (2) FOR REFUNDS, 3 PERCENTAGE POINTS ABOVE THE AVERAGE PRIME
20 RATE OF INTEREST QUOTED BY COMMERCIAL BANKS TO LARGE BUSINESSES
21 DURING THE STATE'S PREVIOUS FISCAL YEAR, BASED ON DETERMINATION BY THE
22 BOARD OF GOVERNORS OF THE FEDERAL RESERVE BANK.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2006, ~~and shall be applicable to all refunds issued for overpayments made on~~
25 ~~or after July 1, 2006.~~