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By: **Delegates Rosenberg and Cardin**

Introduced and read first time: February 8, 2006

Assigned to: Ways and Means

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A BILL ENTITLED

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; and generally relating to the annual interest rate  
5 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:

13 **Article - Tax - General**

14 13-604.

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

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

22 (1) for moneys owed to the State,] the greater of:

23 [(i) (1) 13%; or

24 [(ii) (2) 3 percentage points above the average prime rate of  
25 interest quoted by commercial banks to large businesses during the State's previous  
26 fiscal year, based on determination by the Board of Governors of the Federal Reserve  
27 Bank[; and

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

4       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 July 1, 2006.