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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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Committee Report: Favorable with amendments  
 House action: Adopted  
 Read second time: March 21, 2006

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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:

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:

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

2 {i)} ~~(1)~~ 13%; or

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

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

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

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