

SENATE BILL 745

Q7

9lr2803

By: **Senator Kasemeyer**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the calculation of the interest rate on tax deficiencies and
4 refunds to 2 percentage points above a certain underpayment rate established
5 under the Internal Revenue Code; providing that the interest rate may not be
6 less than a certain rate for certain fiscal years; repealing a requirement that the
7 Comptroller annually set the interest rate; and generally relating to the interest
8 rate on tax deficiencies and refunds.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 13–604
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2008 Supplement)

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

16 **Article – Tax – General**

17 13–604.

18 (a) [The] **SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE** rate of
19 interest for each month or fraction of a month [is the percent equal to one–twelfth of
20 the annual interest rate that the Comptroller sets for the calendar year under
21 subsection (b) of this section.] **FOR INTEREST ON REFUNDS AND MONEY OWED TO**
22 **THE STATE IS 2 PERCENTAGE POINTS ABOVE THE APPLICABLE FEDERAL**
23 **UNDERPAYMENT RATE UNDER § 6621(A)(2) OR (C) OF THE INTERNAL REVENUE**
24 **CODE THAT IS IN EFFECT FOR THAT MONTH.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

5 (1) 13%; or

6 (2) 3 percentage points above the average prime rate of interest
7 quoted by commercial banks to large businesses during the State's previous fiscal
8 year, based on determination by the Board of Governors of the Federal Reserve Bank.]

9 **(B) (1) THE INTEREST RATE UNDER SUBSECTION (A) OF THIS**
10 **SECTION SHALL BE AT LEAST ONE-TWELFTH OF:**

11 **(I) 13% FOR 2010;**

12 **(II) 11% FOR 2011;**

13 **(III) 9% FOR 2012; AND**

14 **(IV) 7% FOR 2013.**

15 **(2) FOR EACH YEAR AFTER 2013 THE INTEREST RATE UNDER**
16 **THIS SECTION IS THE INTEREST RATE DETERMINED UNDER SUBSECTION (A) OF**
17 **THIS SECTION.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2009.