

HOUSE BILL 1602

Q3

6lr3634
CF 6lr3736

By: **Delegates Brooks, Hettleman, Jalisi, Jones, and Morhaim**

Introduced and read first time: February 25, 2016

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Interest Rate on Refunds**

3 FOR the purpose of requiring the Comptroller to set, in a certain manner, a certain annual
4 interest rate for refunds of income tax; and generally relating to the annual interest
5 rate on tax deficiencies and refunds.

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 13–604
9 Annotated Code of Maryland
10 (2010 Replacement Volume and 2015 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
12 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 equal
16 to one–twelfth of the annual interest rate that the Comptroller sets for the calendar year
17 under subsection (b) of this section.

18 (b) **[On] SUBJECT TO SUBSECTION (C) OF THIS SECTION, ON** or before October
19 1 of each year, the Comptroller shall set the annual interest rate for the next calendar year
20 on refunds and moneys owed to the State as the percent, rounded to the nearest whole
21 number, that is at the percent that equals the greater of:

22 (1) 13%; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) 3 percentage points above the average prime rate of interest quoted by
2 commercial banks to large businesses during the State's previous fiscal year, based on
3 determination by the Board of Governors of the Federal Reserve Bank.

4 **(C) THE COMPTROLLER SHALL SET THE ANNUAL INTEREST RATE FOR THE**
5 **NEXT CALENDAR YEAR ON REFUNDS OF INCOME TAX AS THE PERCENT, ROUNDED TO**
6 **THE NEAREST WHOLE NUMBER, THAT IS 2 PERCENTAGE POINTS LESS THAN THE**
7 **ANNUAL INTEREST RATE SET UNDER SUBSECTION (B) OF THIS SECTION ON MONEYS**
8 **OWED TO THE STATE.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2016.