

SENATE BILL 565

Q7

8lr2082

By: **Senator Serafini**

Introduced and read first time: January 31, 2018

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 annual interest rate that the Comptroller
4 sets for tax deficiencies and refunds; 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 (2016 Replacement Volume and 2017 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 or before October 1 of each year, the Comptroller shall set the annual
19 interest rate for the next calendar year on refunds and money owed to the State as the
20 percent that equals [the greater of:

21 (1) (i) 13% for 2016;

22 (ii) 12% for 2017;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) 11.5% for 2018;

2 (iv) 11% for 2019;

3 (v) 10.5% for 2020;

4 (vi) 10% for 2021;

5 (vii) 9.5% for 2022; and

6 (viii) 9% for 2023 and each year thereafter; or

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2018.