

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

Enacted May 26, 2006.

CHAPTER 587

(House Bill 859)

AN ACT concerning

Tax Procedure -- Refunds -- Interest Rate

FOR the purpose of altering the calculation of the annual interest rate that the Comptroller sets for refunds; ~~providing for the application of this Act;~~ and generally relating to the annual interest rate on tax refunds.

BY repealing and reenacting, with amendments,

Article -- Tax -- General

Section 13-604

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)

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

Article -- Tax -- General

13-604.

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

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

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

~~[(i)]~~ (1) 13%; or

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

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