

wish to consider extending this section to the taxes excluded under subsection (d) of this section and extending subsection (c) of this section.

At the direction of the Joint Subcommittee on Code Revision, House Bill 1295 was introduced, during the 1987 Session, to authorize the payment of interest on refunds that are not due to an error of the taxpayer or are due to an error of the State or a political subdivision or unit. House Bill 1295 passed the House and passed the Senate with amendments. The Session ended before the House concurred on the amendments. The bill will be reintroduced for consideration by the General Assembly in the 1988 Session.

Defined terms: "Alcoholic beverage tax" § 1-101
 "Financial institution franchise tax" § 1-101
 "Income tax" § 1-101 "Inheritance tax" § 1-101
 "Maryland estate tax" § 1-101
 "Motor carrier tax" § 1-101
 "Sales and use tax" § 1-101
 "Tax collector" § 13-101 "Tobacco tax" § 1-101

13-604. INTEREST RATES.

(A) IN GENERAL.

(1) 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 PARAGRAPH (2) OF THIS SUBSECTION.

(2) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE COMPTROLLER SHALL SET THE ANNUAL INTEREST RATE FOR THE NEXT CALENDAR YEAR AS THE PERCENT, ROUNDED TO THE NEAREST WHOLE NUMBER, THAT IS AT THE PERCENT THAT EQUALS:

(I) FOR MONEYS OWED TO THE STATE, THE GREATER OF:

1. 12%; OR

2. 2 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

(II) 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.

(B) MOTOR FUEL TAX REFUNDS.

THE RATE OF INTEREST ON A MOTOR FUEL TAX REFUND IS 6% A YEAR.