



March 31, 2016

The Honorable Edward J. Kasemeyer
Chair, Budget and Taxation Committee
Maryland State Senate
3 West Miller Senate Office Building
Annapolis, MD 21401

Dear Chairman Kasemeyer:

The Maryland Association of Counties (MACo) is writing to express its **SUPPORT** for **HB 422 WITH AMENDMENTS**. HB 422 is similar to a bill the Senate has already passed (SB 844) to reduce the monthly interest rate set by the Comptroller for tax deficiencies and refunds from 13% to 10% over six years. MACo would urge the Budget and Taxation Committee to amend HB 422 in the same manner as SB 844.

Over the years, MACo has expressed concerns with several bills that have been introduced to reduce the monthly interest rates on tax deficiencies and refunds. This session, it opposed SB 844, as introduced, which would have phased-in over three years a change toward a new rate from the current 13% to the average prime rate of interest quoted by commercial banks to large businesses during the State's previous fiscal year, approximately 3.5%. In addition to fiscal concerns, MACo expressed concerns that the bill would both compromise collections from delinquent taxpayers, and perhaps more importantly, encourage more people to similarly flout timely tax payment laws.

As amended, SB 844 moderates the local revenue loss and maintains the interest rate at a level that still encourages prompt compliance. For these reasons, MACo now **SUPPORTS** SB 844 and would urge the Committee to amend HB 422 in the same manner.

Please contact me if I can provide any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Sanderson', is written over a light blue horizontal line.

Michael Sanderson
Executive Director, MACo

CC: The Honorable David Fraser-Hidalgo, Maryland House of Delegates
Matthew Bennett, Budget and Taxation Committee Staff