



**MARYLAND**  
*Association of*  
**COUNTIES**

## Senate Bill 844

### *Interest Rate on Tax Deficiencies and Refunds*

MACo Position: **SUPPORT**

Date: April 5, 2016

To: Ways and Means Committee

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** SB 844. As amended by the Senate, this bill would reduce the monthly interest rate set by the Comptroller for tax deficiencies and refunds from 13% to 10% over six years.

SB 844, as introduced, 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 with the bill as introduced that it would both compromise collections from delinquent taxpayers, and perhaps more importantly, encourage more people to similarly flout timely tax payment laws.

As amended, the local revenue loss has been substantially moderated and the interest rate remains at a level that still encourages prompt compliance. For these reasons, MACo now offers its **SUPPORT** of SB 844.