

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 77

H. P. 82

House of Representatives, January 6, 1981

Submitted by the Department of Finance and Administration pursuant to Joint Rule 24.

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Twitchell of Norway.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Increase the Standard Interest Provision for the Tax Laws from 9% to 12% Per Year.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 36 MRSA § 186, first sentence, as enacted by PL 1977, c. 679, § 1, is amended to read:

Any person who fails to pay any tax imposed under this Title on or before the last date prescribed for payment shall be liable for interest on the tax, calculated from that date, at the rate of ~~3/4%~~ 1% for each month or fraction thereof that the tax remains unpaid.

Sec. 2. 36 MRSA § 186, as enacted by PL 1977, c. 679, § 1, is amended by adding at the end a new sentence to read:

This interest rate also applies to the state's payment of interest on overpayments.

Sec. 3. 36 MRSA § 5279, sub-§ 1, first sentence, as amended by PL 1979, c. 615, § 8, is further amended to read:

Under rules prescribed by the assessor, interest shall be allowed ~~and paid at the rate of 3/4% per month~~ upon any overpayment in respect of the tax imposed by this Part.

STATEMENT OF FACT

This bill increases the interest rate charged against delinquent taxes from 9% per year to 12%. This is designed to provide an interest rate roughly on par with prevailing commercial rates, thus discouraging taxpayers from delaying tax payments. Interest paid on overpayments is adjusted accordingly. It is expected that this will increase General Fund revenue by about \$300,000 annually.