

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 1688

H.P. 1177

House of Representatives, March 4, 1999

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### An Act to Require the State to Pay Interest on Refunds of Taxes and Fees.

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative MACK of Standish.

Cosponsored by Representatives: BERRY of Belmont, DUNCAN of Presque Isle, GERRY of Auburn, MacDOUGALL of North Berwick, PLOWMAN of Hampden, WATERHOUSE of Bridgton, Senators: DAVIS of Piscataquis, FERGUSON of Oxford.

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

4 Sec. 1. 5 MRSA c. 144-A is enacted to read:

6 **CHAPTER 144-A**

8 **INTEREST ON REFUNDS OF TAXES AND FEES**

10 **§1561. Definitions**

12 As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

14 1. Commissioner. "Commissioner" means the Commissioner of Administrative and Financial Services.

16 2. Fee. "Fee" means any amount of money that is required to be paid by an individual, a business or a corporation to the State or a state agency for any service, license or application, including, but not limited to, all license fees, application fees, examination fees and annual assessments.

22 3. State agency. "State agency" has the same meaning as in section 1552, subsection 6.

26 4. Tax. "Tax" means any tax assessed pursuant to Title 36, except those taxes assessed pursuant to Title 36, Parts 2, 3 or 8. "Tax" does not include taxes assessed pursuant to Title 26, chapter 13.

30 **§1562. Refunds of fees or taxes; interest payment required**

32 A state agency that collects a fee or tax and charges interest when the fee or tax is not received by a specific due date shall pay interest at the annual interest rate established by the State Tax Assessor under Title 36, section 186 when a refund of that fee or tax is required. The interest must be calculated as described by Title 36, section 186 from the date of the payment or payments of the fee or tax. The commissioner shall adopt rules pursuant to the Maine Administrative Procedure Act to implement this chapter. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.

46 **SUMMARY**

48 This bill requires state agencies that collect certain taxes and fees and charge interest on overdue taxes or fees to pay interest on refunds from the date of the overpayment. This new

2 provision does not apply to property taxes, sales and use taxes  
and income taxes, which already have specific requirements for  
4 the payment of interest when refunding overpayments. This  
provision also does not apply to unemployment compensation  
6 taxes. The Federal Unemployment Tax Act does not allow interest  
payments from the unemployment compensation trust fund.