

Increase the interest rate on excise tax assessments to an amount equal to the average rate for consumer credit

Description This proposal would increase the interest rate on unpaid taxes to an amount equal to the average rate for consumer credit – currently 11%.

Current Law Under current law, the interest rate for both excise tax assessments and refunds is the one-year average of the federal short-term rate plus two percentage points. The rate is adjusted annually. The rate for Calendar Year 2011 is 3%.

Revenue Impact
(\$ millions)

Tax Base	Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
Increase rate on assessments to equal consumer credit rate	\$0	\$7.3	\$7.3

Notes:

- *Estimates assume a July 1, 2012 effective date, with interest rate change effective January 1, 2013.*
- *Estimates reflect the September 2011 revenue forecast by the Forecast Council.*

Expenditure Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
TBD	TBD	TBD