

Increase the interest rate on excise tax assessments by 2% to equal the federal short-term rate plus 4%

Description This proposal would increase the interest rate on excise tax assessments to the average federal short-term rate plus four percentage points.

Current Law

- Under current law, the interest rate for excise tax assessments 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
Raising rate on assessments by 2 percentage points	\$0	\$1.2	\$1.2

Notes:

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

Expenditure Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$13,700	\$0	\$13,700