

Reduce the interest rate on excise tax refunds to the federal short-term rate

Description This proposal would lower the interest rate on refunds of overpaid taxes to equal the federal short-term rate.

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
Lower rate on refunds to federal short-term rate –	\$0	\$0.5	\$0.5

Notes:

- *Estimates assume a January 1, 2012 effective date, with the interest rate 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