



**House
Legislative
Analysis
Section**

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CITY TAX: INTEREST RATES

House Bill 4487

Sponsor: Rep. David M. Gubow

Committee: Taxation

Complete to 3-15-91

A SUMMARY OF HOUSE BILL 4487 AS INTRODUCED 3-6-91

The bill would amend the City Income Tax Act to:

(1) Require that interest be paid on tax refunds beginning 45 days after a refund claim was filed or 45 days after the filing deadline, whichever was later. The interest would be added at a rate of $\frac{3}{4}$ of 1 percent per month beginning with the taxable year 1991.

(2) Change the interest charged on late tax payments to 1 percent above the adjusted prime rate per annum per month. Currently, interest is added at the rate of $\frac{1}{2}$ of 1 percent. The term "adjusted prime rate" refers to the average predominant prime rate quoted by at least three commercial banks to large businesses, as determined by the Department of Treasury. One percentage point would be added to the average prime rate charged during the 12-month period ending September 30 and the sum would be divided by 12 to establish the current monthly interest rate. The new monthly interest rate would become effective each January 1.

MCL 141.643 and 141.682