

Emergency Rule

**Title 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 41—General Tax Provisions**

2019 5%
2020 5%
2021 3%

EMERGENCY AMENDMENT

12 CSR 10-41.010 Annual Adjusted Rate of Interest. The department proposes to amend section (1).

PURPOSE: This emergency amendment establishes the annual adjusted rate of interest to be implemented and applied on taxes remaining unpaid during 2021.

EMERGENCY STATEMENT: The director of revenue is mandated to establish not later than October 22 annual adjusted rate of interest based upon the adjusted prime rate charged by banks during September of that year as set by the Board of Governors of the Federal Reserve rounded to the nearest full percent. This emergency amendment is necessary to ensure public awareness and to preserve a compelling governmental interest requiring an early effective date in that the amendment informs the public of the established rate of interest to be paid on unpaid amounts of taxes for the 2020 calendar year. A proposed amendment, that covers the same material, is published in this issue of the *Missouri Register*. The director has limited the scope of the emergency amendment to the circumstances creating the emergency. The director has followed procedures calculated to assure fairness to all interested persons and parties and has complied with protections extended by the *Missouri* and *United States Constitutions*. Emergency amendment filed October 19, 2020, effective January 1, 2021, expires June 29, 2021.

AUTHORITY: section 32.065, RSMo 2016. Emergency rule filed Oct. 13, 1982, effective Oct. 23, 1982, expired Feb. 19, 1983. Original rule filed Nov. 5, 1982, effective Feb. 11, 1983. For intervening history, please consult the *Code of State Regulations*. Emergency amendment filed Oct. 19, 2020, effective Jan. 1, 2021, expires June 29, 2021. A proposed amendment covering this same material will be published in the Dec. 1, 2020 issue of the *Missouri Register*.

PUBLIC COST: This emergency amendment will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the time the emergency is effective.

PRIVATE COST: This emergency amendment will not cost private entities more than five hundred dollars (\$500) in the time the emergency is effective.

(1) Pursuant to section 32.065, RSMo, the director of revenue upon official notice of the average predominant prime rate quoted by commercial banks to large businesses, as determined and reported by the Board of Governors of the Federal Reserve System in the Reserve Statistical Release H.15(519) for the month of September of each year has set by administrative order the annual adjusted rate of interest to be paid on unpaid amounts of taxes during the succeeding calendar year as follows:

Calendar Year	Rate of Interest on Unpaid Amounts of Taxes
1995	12%
1996	9%
1997	8%
1998	9%
1999	8%
2000	8%
2001	10%
2002	6%
2003	5%
2004	4%
2005	5%
2006	7%
2007	8%
2008	8%
2009	5%
2010	3%
2011	3%
2012	3%
2013	3%
2014	3%
2015	3%
2016	3%
2017	4%
2018	4%

**FISCAL NOTE
PUBLIC COST**

I. RULE NUMBER

Rule Number and Name:	12 CSR 10-41.010 Annual Adjusted Rate of Interest
Type of Rulemaking:	Emergency Amendment

II. SUMMARY OF FISCAL IMPACT

Estimate of the number of entities by class which would likely be affected by adoption of the proposed rule:	Classification by types of the business entities which would likely be affected:	Estimate in the aggregate as to the cost of compliance with the rule by the affected entities:
Any taxpayer with delinquent tax.	Any taxpayer with delinquent tax.	<i>This proposed amendment will not cost public entities more than five hundred dollars (\$500) in the aggregate. The 2021 interest rate imposed on delinquent taxes is less than that imposed in 2020.</i>

III. WORKSHEET

The proposed amendment establishes the rate of interest for 2021 at three percent (3%), which is less than the rate in 2020.

This proposed amendment will not cost public entities more than five hundred dollars (\$500) in the aggregate. Because the 2021 interest rate imposed on delinquent taxes is less than the rate imposed in 2020, the interest rate will be lower on each \$100 of delinquent taxes to public entities.

Interest on Delinquent Taxes Paid to Department of Revenue

	Current Rule 5.00%	Proposed Amendment 3.00%
Example:		
Past due tax amount	\$100.00	\$100.00
Interest Amount (%)	\$5.00	\$3.00
Total Amount Due	\$105.00	\$103.00

IV. ASSUMPTIONS

Pursuant to Section 32.065, RSMo, the Director of Revenue is mandated to establish an annual adjusted rate of interest based upon the adjusted prime rate charged by banks during September of that year, as set by the Board of Governors of the Federal Reserve, rounded to the nearest full percentage. The actual bank prime loan rate noted by the Federal Reserve in 2020 is three point two five percent (3.25%). The actual bank prime loan rate noted by the Federal Reserve in 2019 was five point two five percent (5.25%).

**FISCAL NOTE
PRIVATE COST**

I. RULE NUMBER

Rule Number and Name:	12 CSR 10-41.010 Annual Adjusted Rate of Interest
Type of Rulemaking:	Emergency Amendment

II. SUMMARY OF FISCAL IMPACT

Estimate of the number of entities by class which would likely be affected by adoption of the proposed rule:	Classification by types of the business entities which would likely be affected:	Estimate in the aggregate as to the cost of compliance with the rule by the affected entities:
Any taxpayer with delinquent tax.	Any taxpayer with delinquent tax.	<i>This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate. The 2021 interest rate imposed on delinquent taxes is less than that imposed in 2020. The actual number of affected taxpayers is unknown.</i>

III. WORKSHEET

The proposed amendment establishes the rate of interest for 2021 at three percent (3%), which is less than the rate in 2020.

This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate. Because the 2021 interest rate imposed on delinquent taxes is less than the rate imposed in 2020, the interest rate will be lower on each \$100 of delinquent taxes to private entities. The actual number of affected taxpayers is unknown.

Interest on Delinquent Taxes Paid to Department of Revenue

	Current Rule 5.00%	Proposed Amendment 3.00%
Example:		
Past due tax amount	\$100.00	\$100.00
<u>Interest Amount (%)</u>	<u>\$5.00</u>	<u>\$3.00</u>
Total Amount Due	\$105.00	\$103.00

IV. ASSUMPTIONS

Pursuant to Section 32.065, RSMo, the Director of Revenue is mandated to establish an annual adjusted rate of interest based upon the adjusted prime rate charged by banks during September of that year, as set by the Board of Governors of the Federal Reserve, rounded to the nearest full percentage. The

actual bank prime loan rate noted by the Federal Reserve in 2020 is three point two five percent (3.25%). The actual bank prime loan rate noted by the Federal Reserve in 2019 was five point two five percent (5.25%).