



VERNON BARNETT
Commissioner

State of Alabama Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

JOE W. GARRETT, JR.
Deputy Commissioner
CURTIS E. STEWART
Deputy Commissioner
BRENDA R. COONE
Deputy Commissioner
MICHAEL D. GAMBLE
Deputy Commissioner

June 21, 2017

NOTICE

Act 2017-415 Relating to County and Municipal Allowable Interest Rate and Municipal Delivery Licenses and Issuance Fees

Act 2017-415 (https://revenue.alabama.gov/wp-content/uploads/2017/08/Act_2017-415.pdf), effective August 1, 2017, amends §11-3-11.3 and §11-51-208, removing the option for counties and municipalities to charge interest at the rate of one percent (1%) per month. The applicable interest rate to be charged by or due from the county/municipality shall be determined pursuant to §40-1-44, which links interest to the underpayment rate established quarterly by the United States Secretary of the Treasury under the authority of 26 U.S.C. §6621. The current quarterly interest rate is 4% APR (<https://revenue.alabama.gov/assessments/quarterly-interest-rates/>).

To comply with this change, the ONE SPOT system will be updated so that any delinquent non-state administered (NSA) local taxes filed through ONE SPOT (MAT) where interest is currently being calculated at the 1% per month rate will continue to be calculated at 1% per month through July 31, 2017, after which the interest will be calculated at the “State rate” (linked to the Federal rate pursuant to §40-1-44) from August 1, 2017 through the filing of the delinquent tax.

EXAMPLES:

Prior to August 1, 2017 a county charges interest at 1% per month.

- The county return due June 20, 2017 is filed/paid at 2:20pm on September 15, 2017.

The combined interest calculation will be at the old 1% per month rate for the time period of June 21-July 31 and then at the “State rate” from August 1 through September 15.

- The county return due August 21, 2017 is filed/paid at 2:20pm on October 15, 2017.

Interest calculation will be at the “State rate” from August 22 through October 15.

The act also amends §11-51-194 regarding delivery licenses and issuance fees.