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**MEMORANDUM**

**TO:** Thomas B. Miller, Commissioner  
Department of Revenue

**FROM:** Robert M. Gillim, Executive Director *MB*  
Office of Processing and Enforcement

**DATE:** November 3, 2010

**SUBJECT:** Annual Adjustment of Tax Interest Rate

Pursuant to KRS 131.183, the 2011 tax interest rate will remain at three percent (3%). The rate charged by the Kentucky Department of Revenue on unpaid taxes is five percent (5%). When interest is due on a refund, the rate shall be one percent (1%).

This rate, effective January 1, 2011, is based on the prime interest rate charged by Kentucky banks during the month of October 2010. A recent survey of Kentucky banks revealed that the average prime interest rate in October was 3.25 percent. Pursuant to KRS 131.183(1) (c) the average prime rate is rounded to the nearest full percent which is three percent (3%).

Approved Thomas B. Miller  
Thomas B. Miller, Commissioner  
Department of Revenue

Date 11.8.10