

FISCAL NOTE

Bill #: HB192

Title: Allow payment of individual income taxes by credit card

Primary

Sponsor: Douglas Mood

Status: Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

| | <u>FY2002</u> <u>Difference</u> | <u>FY2003</u> <u>Difference</u> |
|--|--|--|
| Revenue: | | |
| General Fund | \$(20,453) | \$(20,453) |
| Net Impact on General Fund Balance: | \$(20,453) | \$(20,453) |

| <u>Yes</u> | <u>No</u> | | <u>Yes</u> | <u>No</u> | |
|-------------------|------------------|----------------------------------|-------------------|------------------|-------------------------------|
| | X | Significant Local Gov. Impact | | X | Technical Concerns |
| | X | Included in the Executive Budget | | X | Significant Long-Term Impacts |
| | X | Dedicated Revenue Form Attached | | X | Family Impact Form Attached |

Fiscal Analysis

ASSUMPTIONS:

1. This proposal, effective October 1, 2001, would allow individual income taxpayers to pay their tax by credit card.
2. At the federal level, 0.655% of all taxpayers with payment returns pay their income tax by credit card.
3. In Montana, there were 129,383 payment returns filed with payments due totaling \$96,194,118 in tax year 1999. The average payment due for these returns was \$743.
4. The number of returns paying by credit card in Montana will be 847 returns (129,383 X 0.00655).
5. Total payments paid by credit card in Montana will total \$629,321 (\$743 X 847 returns).
6. The fee charged by credit card companies for these payments is 3.25% of the payment.
7. Based on the above assumptions, total annual cost to the state for fees associated with credit card payments are \$20,453; assuming first year use will mirror federal use. This amount may increase over time if more taxpayers begin paying with credit cards. \$(20,453) \$(20,453)