

Legislative Analysis



PAYING TAXES WITH CREDIT CARD

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 28 (Substitute H-3)

Sponsor: Sen. Goeff Hansen

House Committee: Tax Policy

Senate Committee: Finance

(Enacted as Public Act 76 of 2011)

Complete to 6-27-11

A SUMMARY OF SENATE BILL 28 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the Revenue Act to authorize the Department of Treasury to accept major credit cards or debit cards for payment. The department could add a processing fee; however, the fee could not exceed the charges the state incurs because of the use of the cards.

[As passed by the Senate, the bill would have made payment by credit card one of the methods by which taxes could be paid and required the Department of Treasury to determine which major credit cards would be accepted. The House committee substitute allows the department to accept major credit cards. The bill does not define "major credit cards."]

MCL 205.19

BACKGROUND INFORMATION:

According to committee testimony, Michigan is one of only two states that do not accept credit cards for tax payments. (Reportedly, the other state, Massachusetts, has a credit card pilot program underway.) The Revenue Act currently allows payment by "bank draft, check, cashier's check, certified check, money order, cash, or electronic funds transfer."

FISCAL IMPACT:

This bill would permit the Department of Treasury to charge a processing fee for credit card payments. The fee would be limited to the costs incurred for accepting credit card payments. If the processing fee is assessed, then there would be no fiscal impact on the State.

POSITIONS:

The following indicated support for the bill to the House Tax Policy Committee (6-15-11): The Department of Treasury, the Michigan Bankers Association, the Michigan Credit Union League, Visa, and Mastercard Worldwide.

Legislative Analyst: Chris Couch
Fiscal Analyst: Rebecca Ross

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.