

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 263 (Anne Arundel County Senators)
Economic and Environmental Affairs Referred to Commerce & Government Matters

Local Government - Acceptance of Credit and Debit Cards

This amended bill allows a county or municipality to accept payment of taxes, fees, or any other charges by credit card or debit card. If such cards are used, the local government may add a service charge not exceeding the amount that the government may be charged in connection with the use of the card. The fee must be determined at the time the taxes or fees are paid by the individual. In addition, if a county or municipality elects to accept such cards, it must indicate this option on or include notice with each invoice where payment may be made by these cards. The government must also indicate which types of cards are acceptable for payment.

Fiscal Summary

State Effect: None.

Local Effect: Potential revenue and expenditure increase as discussed below.

Small Business Effect: Minimal. To the extent that local governments allow the use of credit or debit cards, financial institutions that are small businesses could be affected due to the fees charged to local governments for use of their credit or debit cards.

Fiscal Analysis

Local Effect: To the extent that local governments allow the use of credit or debit cards to pay certain taxes and fees, local government revenues and expenditures could increase by similar amounts. The bill allows a local government to assess a service charge for the use of a credit or debit card. The charge may not exceed the amount that the local government pays in connection with the use of the card; however, it is likely that local governments would set the fee to match this charge.

Revenues could be affected to the extent that the use of credit or debit cards results in more

timely payments of taxes and fees, and interest is earned on taxes and fees paid earlier than otherwise would be the case.

The bill also requires that certain information regarding the payment of taxes and fees via credit or debit cards be printed on or included with each invoice. If a local government chooses to redesign its invoices, expenditures could increase due to (1) printing costs in order to produce new invoices; and (2) software development costs. These costs cannot be determined beforehand, but the costs could be significant depending upon the number of invoices that would need to be changed. For example, Baltimore County advises that it would cost approximately \$92,600 in the first year to place the notification requirement on property tax bills. This estimate reflects redesign costs, postage costs, additional supplies, and additional equipment. Out-year costs would be approximately \$54,000 due to postage and supplies.

However if local governments choose to include a supplemental insert with each invoice, instead of on each invoice, the costs would be significantly lower.

Information Source(s): Baltimore City; Anne Arundel, Baltimore, Garrett, Montgomery, and Prince George's counties; Department of Fiscal Services

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