



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0900.01: Provide income tax credit for payment processing fees directed to a charitable organization**

Primary Sponsor: Fiona Nave Status: As Introduced

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact

HB 900 creates a tax credit for directing payment processing fees to a charitable organization if the payment processor reimburses the state for the credit amount in the first year the credit is claimed. This bill is not expected to have a significant impact on the Department of Revenue or state income tax revenue.

FISCAL ANALYSIS

Assumptions

1. HB 900 creates a tax credit for directing payment processing fees to a charitable organization if the payment processor reimburses the state for the credit amount in the first year the credit is claimed. The credit is non-refundable, but can be carried forward two years, and cannot be claimed in conjunction with the deduction for charitable contributions.
2. The credit is a one-for-one credit equal to the amount of processing fees directed to the charitable contribution. For any business to qualify for and claim this credit, they would have to enter into a contract with the payment processor to not only direct the processing fees to a charitable organization but also reimburse the state for the credit amount in the first year the credit is claimed.
3. Based on these requirements and the lack of a clear benefit to the payment processors for entering into the agreement, it is expected that usage of the credit will be minimal. In addition, any credits claimed the first year will have to be offset by payments by the payment processors so the net impact to the state will be zero. Therefore, this bill is not expected to have a significant revenue impact.
4. The Department of Revenue will have to update some tax return forms to include the credit and develop a way to collect and account for the reimbursement from the payment processor. This would be able to be

done through the regular form update process, and the department would not incur any significant additional costs.

Technical Concerns

1. It is unclear how this bill would work, and which taxpayers may be eligible to claim this credit. Would it be for any individual or business that has processing fees and enters an agreement with the processor to be able to direct a portion of those fees to a charitable organization? Or is it only for processing fees associated with payments made directly to a charitable organization and an agreement between the charitable organization and the payment processor? This lack of clarity, and the lack of an incentive for the payment processor to enter into this type of contract leads to the estimated minimal impact of this bill.



Sponsor's Initials

Date



Budget Director's Initials

3/31/2025

Date