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FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/11
LAST UPDATED 02/22/11 **HB** _____

SPONSOR Campos

SHORT TITLE State Agency Uniform Credit Card Use Fee **SB** 132/aSFC

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	*See Fiscal Impact	*See Fiscal Impact	Recurring	All funds, all agencies

(Parenthesis () Indicate Revenue Decreases)

*In the aggregate, the impact is zero

Duplicates, Relates to, Conflicts with, Companion to

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		*See Fiscal Impact	*See Fiscal Impact		Recurring	All funds; all agencies

(Parenthesis () Indicate Expenditure Decreases)

*In the aggregate, the impact is zero

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing, Financial Industry Division (RLD/FID)

General Services Department (GSD)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee Amendment to Senate Bill 132 The amendment renders the concept somewhat more flexible by replacing the word “fees” with “approximate costs” and narrows the term “cost” to “costs that are directly related to a credit card or electronic transfer transaction.” The amendment is technical and does not change the fiscal impact.

Synopsis of Original Bill

Senate Bill 132 constitutes a small, but important, change to 2010's SB77 (Laws of 2010, Chapter 64) also sponsored by Senator Compos. The change proposed in this bill requires the State Board of Finance to determine a **UNIFORM** credit card fee to be imposed in addition to the fee or fine being paid by credit or debit card. In 2010, SCORC amended the word "uniform" into the bill. Later, HTRC removed SCORC's addition. This bill proposes to render the fee uniform throughout state agencies, and permit local governments to impose fees uniform throughout each local government. The Local Government Division of DFA must approve any uniform credit card fee imposed by each local government.

FISCAL IMPLICATIONS

The Board of Finance (BoF) will probably set a uniform credit card additional fee equal to the average fee now paid by state agencies. The Courts have aggressively promoted the payment of docket fees and fines using credit cards. Thus, the BoF will survey the courts' experience and set the uniform fee rate at approximately that level. The fee will be approximately 2.5% of the payment. Under this procedure, then, there will be no aggregate fiscal impact of this bill. However, there may be subtle net costs or net revenue taken on an agency-by-agency basis, with larger agencies perhaps experiencing a net revenue increase and smaller agencies experiencing a net cost.

It is also likely that the Local Government Division will set uniform credit card fee rates for local governments at approximately the same level as adopted by the Board of Finance for state agencies. This will then result in subtle net costs or net revenues taken on a city-by-city or county-by-county basis.

SIGNIFICANT ISSUES

The Courts have aggressively adopted the authority granted by last year's SB77/Chapter 64. TRD has adopted procedures for paying most taxes and motor vehicle fees by credit card. For example, TRD permits credit card payments for Personal Income Tax liabilities. The credit card fee is referred to on TRD's website as "a convenience charge." "The convenience fee is a reimbursement for charges the credit card companies bill to the state when you pay by credit card." TRD also imposes a convenience charge of \$1.25 per transaction for renewing vehicle registrations and paying with a credit card. (However, TRD also allows a 5% discount for renewing a registration on line.) Finally, TRD's "Webfile" program primarily for Gross Receipts Tax allows payments with Visa or MasterCard and imposes a credit card fee of 2.49% of the payment.

ADMINISTRATIVE IMPLICATIONS

Based on the experience of TRD and the Courts, Game and Fish, State Parks, State Monuments, State Museums and PRC may improve fee collections and decrease administrative problems by accepting credit cards.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Individual agencies and local governments may be persuaded against offering the convenience of credit card payments to their customers and clients because of the complexity of determining actual costs of processing credit card payments.