



**Tompkins County
Finance Department**

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MEMORANDUM

To: Government Operations Committee
From: Rick Snyder, Director of Finance
Date: September 27, 2017
Subject: **Credit Card Acceptance for Payments of Taxes**

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This update is a follow-up to the report given at the Government Operations Committee Meeting held on September 6, 2017, which is attached for the benefit of those who could not make that meeting. We previously reported to the Committee our proposal to contract with Xpress-pay, Systems East, Inc., to enable us to receive payments by credit card and debit card. Additional questions were raised at that meeting and I was asked to research a few more issues before the Government Operations Committee renders its final decision on this topic.

**I. Research What % Pay Off Their Credit Cards Every Month in Tompkins County**

We previously researched this question providing answers on a nationwide basis, citing a number of national publications. We were asked to inquire of our local bank if they could give us statistics for just Tompkins County. I contacted Deborah Hoover and Leon Wylde at Tompkins Financial. Neither of them was able to respond with any helpful information. They said the information was not available and, if it was, they did not have access to that information.

**II. Compare the Fees to Other Vendors/Merchants**

- Xpress-pay (Systems East, Inc.) - 2.85 percent plus a 40 cent transaction fee on credit & debit cards
- GovPayNet - For the first \$100 it is 3% flat fee. Anything over \$100, it is 3.75% fee on the total charged. (*This is in use at our Probation Department.*)
- MuniPay - 2.65 percent on credit & debit cards
- Business Automated Services (BAS) - 2.45 percent on credit cards; \$3.95 flat fee on debit cards
- Electronic Merchant Systems - 2.80 percent on credit & debit cards

There would be no additional equipment costs with any of these vendors.

**III. Could you explain the basis of charge?**

Using the Systems East fees, a tax bill of \$1,000 would carry a fee of \$28.90.

So the total from customer would be \$1,028.90... and would be distributed as follows:

- \$1,000 retained by the County
- \$24.00 to the Credit Card Company (Visa, MasterCard)
- \$4.90 to Systems East as processing merchant

*(Note: breakdown between the Credit Card company and processing merchant are estimates; exact breakdown is not known.)*

#### **IV. Could we Provide Language on the Tax Bill Explaining the Service Charge?**

Joe Mareane, County Administrator, suggested language to inform taxpayers of the service charge. The language would read, "There will be a service charge on your tax payment if you choose to pay by credit card. This service charge would be 2.85 percent plus a 40 cent transaction fee... exclusive of ordinary interest on your credit card charged by your credit card company."

The Treasury Division and the Assessment Department do not support the addition of this language to the tax bill. The reason is that it would be too confusing to the taxpayer. The Town Clerks collect the Town and County tax bills for the first three months of the year. They may or may not accept credit cards. And, if we added this language to the tax bill, the taxpayer might try to make payment to us instead of the Town. Melanie Merriman, Treasury Manager, will be present at our Committee Meeting on October 4<sup>th</sup> to answer any questions on this topic.

#### **V. How Much Does It Cost to Process an Incoming Check?**

Our current banking relationship with Tompkins Financial (Tompkins Trust) does not require us to pay the bank anything on a "per check" basis. We do not pay anything for wire transfers either. In fact, we receive interest income on our checking account. This is due to certain "minimum balances" that we keep with the bank.

#### **VI. Do we have the ability to accept E-Checks (Electronic Checks)?**

Our current relationship with Tompkins Financial (Tompkins Trust) does not offer us the ability to accept E-Checks. Melanie Merriman, Treasury Manger, will be present at the meeting to answer any other questions on this topic.

#### **VII. RECAP: Reasons for Choosing Express-pay (Systems East, Inc.)**

We have selected Express-pay (Systems East, Inc.) for a number of reasons:

- They are our **existing vendor** for Tax Collecting Software. Start-up would be as simple as "flipping a switch".
- The cost to implement the program is \$ -0-.
- There is no additional software or hardware that we would have to buy or maintain.
- They provide a simple, flexible and convenient solution that allows us to accept credit/debit cards 24-7 via the Web and Mobile devices.
- Our customer service reps never have to field a call.
- Our customer would get an emailed receipt immediately upon payment; they can also print out a receipt and obtain detailed records.

- There would be no additional fees or costs. Our existing Maintenance Contract with Systems East is approximately \$10,100 per year and it would remain the same; IT WOULD NOT GO UP.
- ITS has confirmed that they would be in support of this decision and that the vendor is **PCI-compliant**, and that vendor can demonstrate to ITS they are **PCI-compliant**.

**Action Requested**

The Finance Department is asking for the Committee to **approve** or **deny** the request for implementation of the Credit Card Acceptance Program, utilizing Xpress-pay - Systems East, Inc., as the merchant or vendor. Should the Committee **approve** the request, we are asking for the Government Operations Committee to approve the attached resolution which would then be forwarded to the full Legislature for adoption.

Thank you for considering this request to adopt the proposed Credit Card Acceptance Program.

cc: Joe Mareane, County Administrator