



Oregon County Credit Card Use

May 26, 2015

Good afternoon Co-Chairs Steiner Hayward and Smith and members of the Subcommittee. I am Mary Stern and I am a policy manager for the Association of Oregon Counties. I am here with Eric Schmidt, AOC's communications manager.

We have a saying at AOC: "When you've seen one Oregon county, you've seen one Oregon county." When it comes to credit cards, we have 36 counties doing what they think is best for their counties. Despite the differences, there are some similarities among many of the counties.

Eric and I have done an informal poll of our county administrators and other financial officers to find out how Oregon counties use credit cards. You can find their responses in the document we've handed out. In it you will find that our counties negotiate credit card terms with vendors. Point and Pay and Elevon are prominent vendors. Credit cards can be used to pay property taxes, fines and fees in most of our counties. The fees for the credit card are generally in the range of 2.5% to 3% and are picked up by the taxpayer.

To give you an idea of the volume, Clackamas County collected about \$7 million in property tax revenue via credit cards in the last fiscal year. The total collection is \$500 million, which means only a small portion of the property tax collection is done by credit card, but it is an important option.

Deschutes County spends an estimated \$100,000 a year on credit card charges. It is considered a cost of doing business with the public. Deschutes County doesn't use very many credit cards to purchase goods for county use. They have about a dozen cards for that purpose and those cards are used for purchasing items through the internet and for employee travel arrangements.

Jackson County negotiates with credit card companies directly. They use Point and Pay for property tax payments on line and the customer pays the 2.5% fee. Their clerk and community justice programs do the same for fees and fines. Jackson County also uses Elevon for all other credit card processing and fees are paid by the county. I mention this because several other counties follow Jackson County's model.

We would have to dig a lot deeper to get actual figures in terms of numbers of transactions and dollar volumes for the counties that use credit cards, but the snapshot we've provided today is certainly an indication of what our counties are currently doing.

One thing we hear from our counties is that they want the flexibility to be able to negotiate with the credit card companies to get the best possible deal. In addition, many counties like being able to work with the banks that are in their communities and the flexibility that local connection provides.

In terms of having counties participate in a state contract, if that participation is voluntary, we wouldn't have a problem. However, if mandated, such participation would be problematic. Thank you for the opportunity to present a brief look at county credit card use. If you have any questions, we will try to answer them and if we can't, we will get back to you with the answer as soon as we can.

From Clackamas County:

Hi Eric,

I told Don Krupp I would respond to you. Clackamas County takes credit cards for property tax payments as well as a wide variety of other services. We have over 40 merchant accounts and take payments in person and via the internet. We negotiate our merchant services agreement as part of our banking contract. We do not negotiate with credit card companies directly, nor do we partner with any other entities.

It is impossible to give you a fee estimate as the fee changes depending on the type of card used, the volume of the specific merchant account, the dollar amount of the transaction and whether it is a card present, not present or internet transaction.

For this fiscal year, we have collected approximately \$7,000,000 of property tax revenue via credit card. Our total collection is approximately \$500,000,000. Obviously credit card transactions make up a very small portion of our property tax collection, however they are an important option we provide to our customers. The customer does pay the fee. They may also pay via an ach transaction which carries little or no fee.

Credit card transactions are accepted in almost every business model the county has. They make up an ever increasing percentage of our revenue collection. Most departments absorb the fee as a part of doing business, but we do have a few that pass the fee on to customers.

I hope this is helpful.

Shari Anderson
Clackamas County Treasurer

From Gilliam County:

The Gilliam County Justice Court uses an online credit card system called Certified Government Payments. Credit card payments are made and linked to pay traffic citations in the Court. There is a 5 percent convenience fee paid by the payee to Certified Government Payments at the time of payment. There is a \$10.00 monthly fee for using the service, paid by Gilliam County and there is no other cost. I have been surprised at the number of credit card payments we receive as it is more expensive to the payee to pay the convenience fee.

***Cris Patnode
Gilliam County
Justice of the Peace***

From Jefferson County:

Good morning-

Jefferson County Tax uses a 3rd party vendor (Point and Pay) to process tax payments made with debit/credit cards. All fees are paid by the customer/taxpayer. The fees are: VISA debit \$3.95 per transaction, electronic check \$1.50/check, all other debit/credit cards are 2.50% of transaction with \$2.00 minimum. Transactions can be made via web based application by customer, IVR (Interactive Voice Response), in person/counter, or by telephone.

The RV park (via Buildings and Grounds) also uses Point and Pay for some reservations, but I do not have their fee structure or details. Community Development accepts payment via credit/debit card through US Bank for permit fees. I do not have their fee structure either.

Please let me know if you need any additional information.

Best regards,
Debbie Palmer
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From Marion County (more to come):

Eric,

All of our major departments use credit cards. The Tax Collector works just like Jackson Co. Some other Departments pay the fee. I've asked our finance folks to give you the details.

John

More From Marion County (Laurie Steele - phone call):

Marion County online customers pay any fees involved with the use of credit cards for various county programs such as property tax and fee payments. Marion County had an RFP and chose Elevation for face to face transactions. Elevation is a partner with US Bank which does business with the county for the majority of online payments. Marion County negotiates one fee with Elevation, but fees from VISA and Master Card and bank fees are not negotiable. Laurie says Oregon statutes tie county hands in that all fees and collected payments have to be deposited in a bank account within 24 hours of receipt and not all credit card operations allow for that. Laurie says if state law can be amended to allow for flexibility Marion County would welcome the discussion. She also added that Marion County receives no benefits, such as points for using the credit card operations they use, just try to get the best rate possible.

From Deschutes County (more to come I hope):

Our County Administrator, Tom Anderson, asked me to respond to your request for information related to the County's use of credit cards. Just to clarify, you are wanting to know if we accept credit card payments from citizens/customers for payments made to the County and what those arrangements are. Do you also want to know about our use of credit cards to buy things?

Thanks

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More From Deschutes County:

Deschutes County accepts credit cards in most departments for payments made to the County from citizens or other customers. Most of those cards are accepted through a merchant agreement with a company called Elevon. Elevon is a third party partner with our bank, Bank of the Cascades. The process works very well and in most cases, the County pays the merchant fee. The cost for each type of card varies and even when the card is present or if the transaction is over the phone results in different % costs per transaction.

Some of our departments accept debit cards only through Elevon. In those cases, we charge the customer a small fee for using their debit card.

For our property tax collection process, we offer the ability to use debit or credit cards on our website through a company called Official Payments Corp (OPC). Customers are directed to the OPC website to complete their transaction and they must pay the fee for using their card so that the County collects 100% of the amount of tax owed. The fee to the customer is 2.5% of the amount being charged for credit cards and \$3.95 for use of a debit card regardless of the amount.

Our Solid Waste operation at the landfill also takes credit cards and uses a different merchant agreement due to the software they use at the booths.

Overall, the County spends an estimated \$100,000 per year on credit card charges. This cost is taken into consideration in our fee structure so we view it as a cost of doing business. The rate on most cards and card situations ranges from about 2.5% to about 3% of the amount being charged.

The County uses very few credit cards to purchase goods for County use. We only have about a dozen cards in use and most of them are used for purchasing items through the internet and for employee travel arrangements.

I hope this information is useful. If you have further questions, please let me know.

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From Jackson County:

Eric,

We negotiate with credit card companies directly - most recently as part of our general banking RFP in 2014.

We use Point N Pay for property tax payments online, through an IVR (automated phone system) and counter payments. There is a 2.5% fee for the service that is paid by the consumer. The Clerk uses this same model for customer payments. Community Justice uses this model for online payments.

We use Elavon for all other credit card processing and fees are paid by the County.

(Danny Jordan, Jackson County Administrator)

From Linn County:

Linn County Administrator Ralph Wyatt and Linn County Treasurer Michelle Hawkins confirm that Linn County does as Jackson County does with credit cards.

From Clatsop County:

Hi Eric,

Clatsop County does accept credit cards for tax payments through Point & Pay a third party processing company. The county pays no fees to Point & Pay for credit card transactions, all fees for using the credit card are passed on to the tax payer. Since the tax payer has the option to pay in cash or by check and the use of the credit card is strictly for their convenience the county does not and will not entertain paying these fees.

We have Point & Pay terminals throughout most county departments who take payments and the reason that Point & pay was selected in the RFP process is because the departments were able to provide the service without having to incur any of the costs.

Please let me know if you have any additional questions.

Thanks,

Monica Steele
Budget & Finance Director
Clatsop County
503-325-8565 x1106

From Washington County:

Gil,

Yes there are a lot of tax collectors using credit cards to accept property tax payments. When we started this process several years ago, the first thing you learn is that VISA and Master Card rule! They pretty much decide that you can and can't do when it comes to accepting credit card payments.

Typically you will see a fee for an e-check (type of ACH payment) and the merchant fee for a credit card/debit card transaction. Washington County contracts with FIS for all of our credit card transactions. A few years ago they made some changes which allowed us to accept credit cards at the counter in a face to face transaction. This allows us to pass on the merchant fee to the customer. The current fee charged by our vendor is 95 cents for an "e-check" and 2.49% for credit card/debit card transactions. Last fiscal year we collected 22M through credit card and e-checks.

Diane Belt
Tax Collections Supervisor
503-846-3900

From Tom Linhares (consultant):

Gil:

I believe more and more counties are allowing property taxes to be paid with credit cards. Wasco County adopted this practice for the first time in 2014 and it actually went very well. The downside for property owners is that we require them to pay any fees associated with the transaction. So it is not used as much as you might think.

This is more a tax collection issue so you might want to contact Diane Belt with Washington County (which I know also allows credit card payemts).

I hope this helps.

Tom

From Lincoln County:

Lincoln County uses US Bank Virtual Merchant as our Merchant Vendor

For Property tax, we only take online Credit/Debit/E check payments. Any fees are charged back to the taxpayer and the fee is determined by credit card companies. We take Visa and Master Card. CC pmts are 2.49%, Debit is \$3.95 and E Check is \$3.00 per transaction. The sheriff and animal shelter have been taking credit card face to face for a few years. This year planning, HHS came on and the Clerk will start next month.

I have attached a summary of transactions, amounts and fees. As far as the other departments fees I am not sure what all is included in the amount. Animal Shelter only uses a swiper but the Sheriff office has a different setup that includes very detailed reporting. The planning went through the E Permit program with the state and they use US Virtual Merchant same as us.

The summary is probably not 100% accurate but it's the best I can do at this time.

Hope this helps

Linda

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