

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7170
BILL NUMBER: SB 501

DATE PREPARED: Jan 12, 2000
BILL AMENDED:

SUBJECT: Credit card payments to public safety agencies.

FISCAL ANALYST: Beverly Holloway
PHONE NUMBER: 232-9851

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill allows the Fire and Building Services Department to accept payment by credit card for certifications, licenses, and fees, and for other amounts payable to the Fire and Building Services Department, the State Emergency Management Agency, the Public Safety Institute, the Fire Prevention and Building Safety Commission, the Regulated Amusement Device Safety Board, the Boiler and Pressure Vessel Rules Board, the Emergency Management, Fire and Building Services, and Public Safety Training Foundation, the Office of the State Fire Marshal, or the Office of the State Building Commissioner.

Effective Date: July 1, 2000.

Explanation of State Expenditures: *Based on the potential use of credit cards and current vendor fees, it is estimated that this bill could increase expenditures by \$23,000.* The revenue collected by the entities listed above for certificates, fees, and licenses was approximately \$7 M in FY 1999. If 18% of this revenue would be paid by credit cards (as has been the experience of BMV) and there is a vendor processing fee of 1.8%, General Fund expenses could increase for vendor fees charged to the Fire Building Services Department.

Background: The Bureau of Motor Vehicles (BMV), Department of Natural Resources (DNR), and the Department of State Revenue (DOR) currently accept credit card payments. The BMV and the DNR accept Visa, MasterCard and Discover card. The DOR accepts Discover card for personal income tax payments and Visa and MasterCard for late tax payments.

A vendor fee is generally part of the negotiated contract. The vendors' fees incurred by the DNR and the DOR (for late tax payments) are paid from the balance in the state treasury. In FY 1999, approximately \$43,000 was paid monthly in vendor fees for the DNR and approximately \$12,000 was paid monthly in vendor fees for DOR. (Individuals who pay their personal income taxes with the Discover card are directly charged a fee by Discover card and a vendor fee is not paid by the DOR.)

Unlike the DNR and the DOR, the BMV pays the vendor fees. The vendors' fees paid by the BMV are a percentage (approximately 1.8%) of the credit card charges made to the BMV. In the first 10 months of 1999, BMV paid approximately \$2 M in vendor fees (\$1,776,415 to Star Financial for Visa and MasterCard; \$225,699 to Novus Services for Discover card).

Explanation of State Revenues: The use of credit cards is not expected to increase the amount of revenue which is collected from certifications, licenses, and fees but will increase the ease of making the payments for the individuals.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Fire and Building Services Department.

Local Agencies Affected:

Information Sources: Kim Logan, State Treasurer's Office, (317) 233-0921. Jane Morrical, Bureau of Motor Vehicles, (317) 232-2822.