

**REPORT TO MINNESOTA COUNTIES FROM:**

**THE MACO/MACA e-PAY COMMITTEE**

**GUIDELINES FOR**  
**IMPLEMENTATION OF e-PAY**  
**SERVICES**

**December, 2001**

**Vendor Information updated July 2004**

**Vendor Information updated July 2005**

## **Overview**

During the 2001 Regular Legislative Session, Chapter 13 was enacted at the request of the Association of Minnesota Counties and the Minnesota Association of County Officers. This legislation opened the door to counties to pursue the implementation of various methods of electronic payment for county goods and services. Similar local legislation had been passed in 2000 for Hennepin County.

### **Minnesota Session Laws – 2001 CHAPTER 13- S.F. 509**

An act relating to local government; authorizing the use of credit cards by city and town officers and employees; providing for payment of city and county obligations by electronic transfer or credit card; authorizing electronic approvals; amending Minnesota Statutes 2000, section 471.38, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 471.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2000, section 471.38, subdivision 1, is amended to read:

Subdivision 1. [ITEMIZATION; DECLARATION.] Except as provided in subdivision 2, where an account, claim or demand against any county, local social services agency, county board of education for unorganized territory, school district, town or home rule charter city of the second, third or fourth class, or any park district, for any property or services can be itemized in the ordinary course of business, the board or officer authorized by law to audit and allow claims shall not audit or allow the claim until the person claiming payment, or the person's agent, reduces it to writing or an electronic transaction record, in items and signs a declaration to the effect that such account, claim, or demand is just and correct and that no part of it has been paid. The board or officer may in its discretion allow a claim prepared by the clerk or secretary of such board or officer prior to such declaration by the claimant if the declaration is made on the check or order-check by which the claim is paid, as provided in section 471.391, subdivision 2.

Sec. 2. [471.381] [CITY AND COUNTY OBLIGATIONS AND PAYMENTS.] Subdivision 1. [PAYMENT METHODS.] Payments of claims and obligations of a statutory or home rule charter city or county may be made by warrant, check, or all forms of electronic or wire funds transfer. If the city or county may make investments, it may make electronic or wire transfers of funds notwithstanding any other law to the contrary.

Subd. 2. [AUTHORITY TO ACCEPT PAYMENT BY CREDIT CARD OR OTHER METHODS.] A statutory or home rule charter city or a county may accept payment by use of a credit card, debit card, or all forms of electronic or wire funds transfer. Subject to any other law to the contrary, the city or county

may add to the amount due a service charge for the acceptance of a payment method authorized in this subdivision. The city or county shall adopt policies and procedures regarding the payments. The payment of property taxes by credit card is subject to section 276.02.

Subd. 3. [ELECTRONIC APPROVAL.] "Electronic approval" means any electronic identifier intended by the person making, executing, or adopting it to authenticate and validate a city or county administrative action. Notwithstanding any other general or special law to the contrary, a statutory or home rule charter city or a county may use electronic approvals, which have the same validity and consequences as an actual signature. The city or county must establish policies and procedures to ensure the validity of electronic approvals.

As a result of Chapter 13 , MACO, (Minnesota Association of County Officers), established a committee to determine how best to proceed with implementation plans. The impetus for the committee came in part from the need of County Recorders to be able to accept 'remote' payments for searches and filings under the new Uniform Commercial Code system being implemented in Minnesota. County Recorders are acting as satellite offices to the state and this payment option is critical to the customer service they strive to provide

The membership of the committee was established to reflect the various groups to be involved in the implementation of this legislation.

Members of the committee include:

Sharon K. Anderson, Cass County Auditor-Treasurer  
Nan Crary, McLeod County Administrator  
Scott Arneson, Aitkin County Administrator  
Betty Swetland, Clay County Treasurer  
Marie Kunze, Hennepin County  
Paula Van Overbeke, Lyon County Auditor-Treasurer  
Stephanie Iverson, Washington County  
David Sexe, LeSueur County Recorder  
Kathy Conlon, Nicollet County Recorder  
Tom Reddick, Douglas County  
Fran Windschitl, Rice County Auditor-Treasurer  
Sue Higgins, MCIS  
Matt Lindemann, Office of the State Auditor  
John Melville, Affiliated Computer Services  
Elizabeth Davis, Association to Minnesota Counties

This committee has met several times and heard presentations from Official Payments Corporation, US Bank, Wells Fargo Bank, Vital Check, Cambridge Commerce, Unisys and EDS PAY. The various methods of e-payments being discussed include: credit cards, debit cards, smart cards, and E-checks which can be made through the Internet and automated or electronic transfers.

The committee determined that information was needed in three areas. First, there must be consistent and impartial information to counties regarding the options available. The committee wants to encourage uniformity among counties for the benefit of the customer, but also recognizes that there may be unique needs, which must be addressed across the state.

A second focus is to provide potential vendors information that will help to assure that they provide services that are appropriate for Minnesota, meeting the needs of county customers and recognizing the legal framework within which they must work in this state.

Finally, the Committee is recommending that two vendors most closely respond to the priorities in Minnesota at this time. As the services in this area evolve, it is likely that new options will present themselves as e-commerce develops.

### **IMPLEMENTATION PROCESS**

There are several recommended first steps for counties to follow before offering an e-payment program.

### **INITIAL QUESTIONS TO ASK**

- What services/fees do we want to provide the ability for customers to be able to pay electronically – property taxes, vital statistics records, UCC filings or searches, fees, recording fees for real estate documents
- What services/fees might be added in the future
- What types of e-pay methods do we want to have available for our customers

- What are neighboring counties doing as far as the services and any fees they might be charging or their customers might be being charged by the service provider
- What adaptations may be necessary to your county website or existing financial system in the county – who needs to be involved in the implementation to assure that the new system is compatible with existing county operations
- What reporting changes may be necessary with your local bank
- Policy and/or statutory consideration of whether the county will absorb the costs to the consumer – Reference MS 276.02

**276.02 Treasurer to be collector.**

The county treasurer shall collect all taxes extended on the tax lists of the county and the fines, forfeitures, or penalties received by any person or officer for the use of the county. The treasurer shall collect the taxes according to law and credit them to the proper funds. This section does not apply to fines and penalties accruing to municipal corporations for the violation of their ordinances that are recoverable before a city justice. Taxes, fines, interest, and penalties must be paid with United States currency or by check or money order drawn on a bank or other financial institution in the United States. The county board may by resolution authorize the treasurer to impose a charge for any dishonored checks. The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section [272.31](#) is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section [272.31](#) to enforce the lien in its favor

**SPECIFIC CONSIDERATIONS**

- Training required of county staff/impact on workload
- Data processing expertise required at county level
- Convenience for customer of system selected
- Security for customer and county computer system
- Verifiability of payments
- Audit concerns
- Need for financial reports in a timely manner

- Reconciliation of errors
- Daily reports
- Marketing of program in community
- Ability to modify technology as services develop over time
- Timeline for implementation and schedule for services to be included in program
- Costs to county

## **POLICY DEVELOPMENT**

Prior to implementation of any e-payment program it is important for a county to develop a policy statement to address the program.

There are no policies available at this time but the following items should be considered for inclusion in the policy statement:

- Establishment, statement of legal authority
- Application of electronic payment method to specific obligations
- Establish responsible office within county to oversee program
- Security Issues
- System failure on day property taxes are due
- Responsibilities of the disbursing bank
- Data practices considerations
- Clearly establish that same rules apply for manual as for electronic payments
- Other issues as advised by your County Attorney

## **VENDOR ISSUES**

When considering the vendor that will best meet your county needs, these items should be addressed:

- Company History – Financial Status, Business Partners, Business Plan, Customer References, Availability of Bond
- Payment Mechanism

- Payment Administration and Transaction reporting to County
- Security of Payments and records
- Data Format and transmission
- Audit Considerations
- Multi-Lingual Support
- Pricing/Internal Costs – complete listing of cost both to county and customer
- Implementation Plan
- Technical support provided by the vendor
- Costs of updates or changes to the system

## **VENDOR CHARACTERISTICS SUMMARY**

### **Official Payments Corporation (OPC)**

Services Offered: Credit Card payments, electronic checks, OPC negotiates rates with credit card companies

Service Delivery Method: Phone, Internet, Customized scripts are developed, use own website or OPC site, E-check on internet

Contact: Jim Fleming 800-831-2613 x74  
203-438-8600

Counties Participating: Becker, Cass, Dakota, Hennepin, Houston, and Sherburne

Costs associated with program:

Customer Convenience fee is assessed based on a national fee schedule

County enters into a nonexclusive Letter of Understanding that may be terminated at any time

No liability to county for NSF funds/credit/money goes directly into county account and FDIC insured

Daily transaction logs are provided in Excel spreadsheet format

## **VITAL CHEK**

Services Offered: Credit Card Payments

Service Delivery Method: Phone, Fax, Internet

Contact: Wayne Parr 1-800-669-8313 x 6822  
wparre@vitalchek.com

Costs associated with program: \$ 6.00 per request or 5% of the cost of the transaction, whichever is higher; payment is guaranteed to county, payments to county made daily along with report, small volume county may have to provide phone line initially, 60 day cancellation provision

Counties utilizing: Clay, Hennepin, Kandiyohi, Lyon, Martin, Morrison, Nicollet, Pennington, Pipestone, Swift, Todd, and Winona

## **E-Z GOV**

Services Offered: Credit Card, E-Check

Delivery Method: Website

Contact: Scott Webb 404.836.7960

Cost associated with program: Installation fee, hosting, maintenance and support services fee, \$.25 per transaction fee which may be paid by the customer or by the county, plus other miscellaneous fees, contract required

Counties utilizing: Anoka, Stearns, Washington

## **US Banks**

Services Offered: ACH, E-Check, Credit Card

Delivery Method: Internet, Point of Service, Phone

Contact: Kevin Herbert 651-466-8602  
Kevin.Herbert@usbank.com



Susan Moses 651-466-8601  
[Susan.Moses@usbank.com](mailto:Susan.Moses@usbank.com)

Address: US Bank Government Banking  
101 East Fifth Street  
EP-MN-S9GB  
St. Paul, MN 55101

Fax: 651-466-8910

Costs associated with program: Contact Kevin or Susan for costs.

Counties utilizing: Ramsey, Washington

### **Wells Fargo**

Services Offered: Credit Card, E-Check, Debit card (used as a credit card), and ACH

Delivery method: Internet, Phone and point of services (charges apply)

Contact: David White 866-675-4579  
[Whitedave@wellsfargo.com](mailto:Whitedave@wellsfargo.com)

Costs associated with program: convenience fee to customer, schedule not available at this time, two-year contract

### **EDS**

Services Offered: Credit Card, Debit Card, ACH

Delivery Method: Website, Phone, Internet

Contact: Kelly Altmeyer 248-267-7516  
[Kelly.Altmeyer@EDS.com](mailto:Kelly.Altmeyer@EDS.com)  
Dawn Vandell 515-277-7947  
[Dawn.Vandell@EDS.com](mailto:Dawn.Vandell@EDS.com)

Cost associated with program: Determined by the number of transactions

### **CambridgECommerce**

Services Offered: Credit Card, E-Check, Debit Card, ACH and Merchant accounts

Delivery Method: Website, phone or at point of service

Contact: Pat Castello 760-643-4004  
pat@cambridgecommerce.com

Costs associated with program: Various set up charges with a charge of \$ .25 per payment, plus monthly website fee

### **Unisys**

Services Offered: Only as part of a larger project

Delivery Method:

Contact: Dan Browning 651-687-2456  
Daniel.Browning@unisys.com

Cost associated with program: Determined as part of project

## **RECOMMEDATIONS**

The recommendations of this committee are based upon the following considerations. First, seeking a service that can be quickly implemented by a count. Second, allowing for implementation with a minimum of costs to the county. Third, providing flexibility to the country for the future as services in this area further develop.

The committee suggests that Vital Check when used for the payment of fees related to Vital Statistics and UCC documents best addresses the current requirement of the county offices processing citizen requests for this information.

The committee suggests that Official Payments Corporation best addresses the current requirements for the county offices for the payment of property taxes and other obligations.

## **NEXT STEPS**

This report will be maintained on the MACO website and will be updated, as new information becomes available. E-mails will be sent to MACO and MACA members to inform them of information updates. Should it become necessary, the committee will be reconvened at the request of any of the members, the MACO President, the MACA President or the AMC President or Executive Director.

## **Other Resources**

Minnesota Office of Technology - Reggie David, 651-215-1997  
Office of the Legislative Auditor – Jody Hauer, 651-296-8501