

March 8, 2010

Jann,

Following up from our phone discussion this morning, here is a summary relating to the credit card convenience fees for motor vehicle and property tax.

Customers that renew their vehicle registrations by telephone (IVR) or online, pay a \$4.95 convenience fee; those transactions over \$1,000 are subject to a 2.75% convenience fee. This fee is paid directly by the customer to the credit card vendor (Official Payments Corp.) that was selected by the Georgia DOR. The county does not receive any portion of this fee and the online renewal service is provided at no cost to the county. It is also our understanding that the DOR does not receive any portion of the fee. This fee was negotiated by the DOR and any Georgia county that chooses to offer online vehicle renewals must use this vendor. The DOR is the legal custodian of the motor vehicle record database and only the DOR can determine who can access the system.

For those customers that choose to mail in their vehicle renewals or visit a tag office to conduct their transactions, a convenience fee is not charged to the customer, instead, the cost of those credit card transactions is absorbed through our Department budget. In 2009, our office processed 191,971 over the counter motor vehicle credit card transactions and 4,143 mail motor vehicle credit card transactions. As a result, our office incurred \$595,970.71 in credit card processing fees from credit card transactions.

The current credit card contract and the credit card merchant requirements prevent us from charging a convenience fee for mail and counter transactions. Last year we reviewed the possibility of charging a convenience fee for counter transactions and we found that VISA would not allow a convenience fee to be charged for over the counter transactions. VISA has been aggressive in pursuing taxing authorities that are charging convenience fees for counter transactions. In fact, last year VISA initiated legal action against several tax collector offices in Florida for charging convenience fees on counter transactions.

As we discussed, customers paying their property taxes online can pay by credit card with a 2.4% convenience fee. This fee is paid by the customer to the credit card vendor (our current vendor is Certified Payments). For 2009, 5,722 parcels were paid by credit card over the Internet for a total of \$8.6 Million. The fees paid by the citizens who utilized on line renewals was \$205,643.

Credit card payments are not accepted for mail, telephone or over the counter property tax payments. Again, the credit card merchant requirements prevent us from charging a convenience fee for mail and over the counter credit card payments. If we were to accept credit cards for those transactions, the credit card processing fees that our office would require that we absorb those fees from our budget. I feel if there were no charge to the citizen for on-line property tax payments, the number utilizing that option would vastly increase and would be inordinately excessive for budgeting purposes.

This information should entail what we discussed, if you need any other information, please give me a call.