



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

Agenda Item No.: 13
Proposed No.: 2011-0453

Date: November 1, 2011
Prepared By: Nick Wagner

STAFF REPORT

SUBJECT

Ordinance authorizing the District Court to accept electronic payment of fees, fines, costs, and other charges at any District Court location.

SUMMARY

Proposed Ordinance 2011-0453 (pp. 5-6 of these materials) would authorize the District Court to accept electronic payment (including payments by credit card or debit card) of fees, fines, costs, and other charges at any District Court location. The ordinance would also authorize the court to absorb the operational and business costs of accepting electronic payments, including bank and processing fees charged by electronic payment vendors, subject to appropriation authority being provided by the Council.

BACKGROUND

Currently, the District Court accepts payment of fees, fines, costs, and other charges only (1) in person by check or cash; (2) by mailed check; or (3) online by credit card or debit card ("electronic payments"). The court believes that if it could accept electronic payments in person, before the defendant has left the courthouse, it would improve the timeliness, convenience, efficiency, and ultimately the amount of payments received.

Based on national data, the court expects that 60 to 70 percent of those making electronic payments in person would use VISA cards. VISA, which describes itself as a "global payments technology company," charges a service fee of between two and three percent to process each payment. According to the court, VISA's contracts with merchants (of which the court would be one) provide that the service fee for payments made in person may not be passed through to the customer.¹ Consequently, in order to

¹ Other credit and debit card companies do not impose this requirement in their contracts with merchants, according to the District Court, but the court believes that the effectiveness of its plan to accept electronic payments in person would be compromised if the court declined to accept payments by VISA card, since about two thirds of the potential payors are expected to use VISA cards.

accept VISA payments in person, the court would need to absorb the service fee. The court believes that the increased, timely payments and efficiencies will offset and exceed the service fees incurred, but the net increase cannot be accurately calculated at this time.

Besides the possible increase in revenue, the court believes that its acceptance of in-person payments by credit and debit card would be an improvement in customer service and to that extent would be desirable in itself. In addition, the court observes that there is precedent for the court's proposal in that other King County agencies already accept in-person payments by credit and debit card.

The court has been advised by the Prosecuting Attorney's Office that for the court to accept electronic payments in person and to absorb the service fees charged for those payments, the county code would need to be changed. Proposed Ordinance 2011-0453 would make that change.

ANALYSIS

Proposed Ordinance 2011-0453 would authorize the District Court to:

1. Accept electronic payments of fees, fines, costs and other charges at any district court location; and
2. Absorb the operational and business costs of accepting those electronic payments, including bank and processing fees charged by electronic payment vendors, subject to appropriation authority being provided by the county council.

FISCAL IMPACT

The District Court expects that the service charges that it would need to absorb to accept VISA payments would be more than offset by the increase in payments that the court receives and the reduced collection and processing costs that the court would incur. The worst case scenario, according to the court, is that the court will incur an additional annual expense of \$10,000 in service fees without receiving additional revenue from accepting credit and debit cards.

Even if the court is correct in its assessment that the absorbed service fees will be more than offset by the increase in payments, the increase will go to the County's General Fund, not to the court itself. That service fees that the court proposes to absorb are not included in the Executive's proposed 2012 annual budget for the court. Thus, the court would need the Council to appropriate an additional \$10,000 in the court's 2012 budget to cover them.

AMENDMENT

Title Amendment T1 (p. 7 of these materials) would amend the title to make clear that the proposed ordinance authorizes the court not only to accept electronic payments at

any court location, but also to absorb the service fees charged by the electronic payment vendors.

ATTACHMENTS

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KING COUNTY
Signature Report

Attachment 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

October 28, 2011

Ordinance

Proposed No. 2011-0453.1

Sponsors Patterson

1 AN ORDINANCE authorizing the King County District
2 Court to accept electronic payment of fees, fines, costs and
3 other charges at any district court location; and adding a
4 new section to K.C.C. chapter 4.100.

5 **STATEMENT OF FACTS:**

- 6 1. The district court believes that accepting payment of fees, fines, costs
7 and other charges by credit and debit card at any district court location
8 will improve the timeliness, convenience, efficiency and, ultimately, the
9 amount of payments received from the public.
- 10 2. The district court believes that the increased, timely payments and
11 efficiencies will offset and exceed the bank and processing fees and other
12 operational and business costs of accepting electronic payments.
- 13 3. The district court currently accepts credit and debit card payments from
14 its website using a King County vendor contract, but not at facilities where
15 the court is located.

16 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

17 NEW SECTION. SECTION 1. There is hereby added to K.C.C. chapter 4.100 a
18 new section to read as follows:

19 The district court is authorized to accept electronic payments of fees, fines, costs
20 and other charges at any district court location. The district court is authorized to absorb
21 the operational and business costs of accepting these electronic payments, including bank
22 and processing fees charged by electronic payment vendors, subject to appropriation
23 authority being provided by the county council.

24

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Gossett, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, ____.

Dow Constantine, County Executive

Attachments: None

Oct. 25, 2011

T1

nw

Sponsor: Patterson

Proposed No.: 2011-0453

1 **TITLE AMENDMENT TO PROPOSED ORDINANCE 2011-0453, VERSION 1**

2 On page 1, in line 3, after “location” insert “and to absorb the operational and business
3 costs of accepting these electronic payments, subject to appropriation authority being
4 provided by the county council”

5 **EFFECT: Amends the ordinance title to more completely reflect the body of the**
6 **ordinance.**