



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

August 15, 2000

Ordinance 13923

Proposed No. 1999-0449.2

Sponsors Hague and McKenna

1 AN ORDINANCE relating to electronic commerce
2 financial transactions; providing for acceptance of certain
3 payments by electronic communications; providing for not
4 charging transaction processing costs for certain nontax
5 payment categories; and adding a new chapter to K.C.C.
6 Title 4.

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PREAMBLE: In 1997, the state legislature gave county
treasurers the authority to accept payments made using any
type of electronic medium. Acceptance of such payments
offers citizens a convenient way of paying for county
services and products and may increase the use and
purchase of certain revenue-generating services and
products. Acceptance of electronic payments also may

17 enhance citizen access to essential services and products
18 which a county provides. The state legislature further
19 allowed counties to absorb the costs associated with
20 electronic transactions for nontax payments if the county's
21 legislative body found that it was in the best interests of the
22 county to do so. This ordinance establishes King County
23 policy and protocol for the acceptance of electronic
24 payments.

25 The council recognizes that acceptance of electronic
26 payments opens the way for the sale of county services and
27 products through the Internet, also known as electronic
28 commerce. It is the council's intent that a full set of
29 electronic commerce policies and guidelines be reviewed
30 and approved by the council before the initiation of an
31 enterprise electronic commerce solution.

32 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

33 SECTION 1. Purpose. The purpose of this ordinance is to establish King
34 County policy and protocol for departments and agencies that accept payments using any
35 type of electronic media. This chapter reflects state policy as defined in RCW 36.29.190.

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37 SECTION 2. Sections 3 through 7 of this ordinance should constitute a new
38 chapter in K.C.C. Title 4 entitled “Electronic Payments.”

39 NEW SECTION. SECTION 3. Definitions. The definitions in this section apply
40 throughout this chapter unless the context clearly requires otherwise.

41 A. “Automated clearing house” means an association of depository institutions
42 that process financial transactions electronically through the Federal Reserve Bank.

43 B. “Convenience fee” means a fee that is charged to a payer for the convenience
44 of making a payment through an interactive voice response system or through the
45 Internet.

46 C. “Credit card” means a card indicating that the holder named on the card has
47 obtained a revolving line of credit from the financial institution issuing the card up to a
48 certain dollar amount valid to a specified date shown on the card. A credit card may be
49 used to pay for products and services from merchants or organizations participating in the
50 corresponding credit card program.

51 D. “Debit card” means a card indicating that the holder named on the card has an
52 open account in a financial institution shown on the card and that the holder named on the
53 card is authorized to pay for purchases of goods and services from participating
54 merchants and organizations if the account is still valid and has adequate funds to cover
55 the cost of either goods or services, or both, at the time of the transaction.

56 E. “Electronic payments” means any financial transaction by which funds are
57 transferred to the county through any type of electronic media. The electronic media

58 include, but are not limited to, automated clearing houses, credit cards, debit cards, smart
59 cards and wire transfers.

60 F. "Interactive voice response system" means a system that allows users to pay
61 for services over the telephone or other audio-signal carrier using a credit card.

62 G. "Nontax payment" means a payment made for the main purpose of purchasing
63 either goods or services, or both. The transaction may require an excise tax being
64 collected in relation to the purchase of either goods or services, or both.

65 H. "Smart card" means a card, issued by a participating merchant or organization,
66 that has a specified amount stored electronically on the card to be spent for future
67 transactions. The usable balance remaining on the card decreases with each purchase of
68 goods or usage of the service.

69 I. "Tax payment" means a payment made for the purpose of fulfilling tax
70 obligations and other special assessments that may be included on the tax statement.

71 J. "Transaction fee" means a fee charged by a service provider for the execution
72 of an electronic payment.

73 K. "Wire transfer" means a financial transaction in which the transferor of the
74 funds authorizes an immediate transfer of funds from his or her bank account to another
75 specified bank account.

76 **NEW SECTION. SECTION 4. Electronic payment policies.**

77 A. Requests to accept electronic payments must be initiated by the affected
78 department or agency. A department or agency is not required to accept electronic
79 payments for any service it provides.

80 B. A department or agency may accept electronic payments for a service it offers,
81 only if the person making the payment bears the transaction fee in such an amount as
82 determined by the finance department in accordance with state law.

83 C. A department or agency may absorb the costs associated with electronic
84 payment transactions, only if the council has given its approval to do so and absorption of
85 the transaction fees does not conflict with state law, this chapter or established county
86 policy.

87 D. A department or agency may accept electronic payments for tax payments,
88 including interest, penalties and other amounts associated with taxes, only if the person
89 making the payment bears the transaction fee in such an amount as determined by the
90 finance department in accordance with state law.

91 E. A department or agency may accept electronic payments for specified nontax
92 payments, including but not limited to code enforcement fines and penalties, special
93 assessments, school and road mitigation payments, and fines, restitution and interest
94 imposed by courts, only if the person making the payment bears the transaction fee in
95 such an amount as determined by the finance department in accordance with state law.

96 F. If a department or agency collects payments to be shared with another state or
97 government agency, the department or agency may absorb the cost of the transaction
98 fees, only if the benefits to the county are greater than the transaction fees, as determined
99 by the head of the department or agency, and if approved by the council. A department
100 or agency that collects those types of payments may enter into negotiation with other
101 state or governmental agencies regarding the sharing of transaction fees, unless the share
102 of payment collected to be paid to the other agency is specified by state law.

103 G. The finance department shall develop and administer a comprehensive
104 countywide request for proposal for credit card services. The finance department shall
105 award and administer agreements for the services. A department or agency may not enter
106 into such an agreement without the written consent of the director of the finance
107 department.

108 H. Electronic payments may be accepted in person, over the phone, by fax, by
109 mail, or through the Internet, as determined appropriate by the head of each department
110 and agency and as is consistent with this chapter and any agreement for electronic
111 payment services.

112 I. Convenience fees may be added to electronic payments processed through an
113 interactive voice response system or through the Internet. The convenience fee may be
114 calculated to cover any transaction costs borne by the department or agency and may
115 include a fee for expedited transaction processing. A department or agency may not
116 impose a convenience fee unless the director of the finance department has approved the
117 fee.

118 J. A department accepting electronic payments shall include transaction fees in
119 its annual budget unless the customer pays the transaction fees.

120 **NEW SECTION. SECTION 5. Initiating acceptance of electronic payments.**

121 A. A department or agency may initiate the acceptance of electronic payments
122 without council approval, only if the person making the payment bears the transaction fee
123 in such an amount as determined by the finance department in accordance with state law.

124 B. A department or agency wishing to absorb the costs associated with electronic
125 payment transactions shall receive council approval to do so. The process for receiving
126 council approval is as follows:

127 1. The department or agency must submit to the budget office and to the finance
128 department a formal request to initiate acceptance of electronic payments along with a
129 business analysis which, at a minimum, describes any combination of the service or
130 services and product or products for which the electronic payment option is to be offered,
131 assesses the benefits of absorbing the transaction costs associated with these payments,
132 projects the annual fiscal impact of absorbing transaction costs over a three-year horizon,
133 documents legal or contractual obligations that would be affected by acceptance of
134 electronic payments and adequately cites or includes as attachments any documentation
135 supporting its business analysis. The council encourages the executive to develop an
136 electronic payment business analysis template for use by interested agencies; and

137 2. If the budget office agrees that absorbing the transaction costs serves the best
138 interests of the county, and if the finance department confirms that the proposal meets its
139 electronic payment processing protocol, the executive may transmit an appropriation
140 request to the council. The transmittal package must include the department or agency
141 business analysis on which the original request is based. The council encourages
142 submittal of the electronic payment appropriation requests as part of the annual budget.

143 NEW SECTION. SECTION 6. Annual reporting. Each year as part of the
144 annual budget transmittal, the executive shall provide the council with a list of those
145 agencies offering electronic payment options. This list must include, for each agency, the
146 budgeted appropriation for absorbing electronic payment transaction costs for the

147 previous budget year, the actual electronic payment transaction costs for the previous
148 year, the budgeted funding for the costs in the present budget year and the proposed
149 funding for the upcoming budget year.

150 NEW SECTION. SECTION 7. Chapter not waiver or release – pursuit and
151 **recovery of costs.** This chapter is not a waiver or release of any fee, fine, penalty,
152 assessment or other amount that the county may make or impose for an inadequate or
153 insufficient electronic payment to the county. The county reserves and shall exercise all

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154 rights under law to pursue and recover all costs from persons making, presenting or using
155 inadequate or insufficient electronic payment methods.

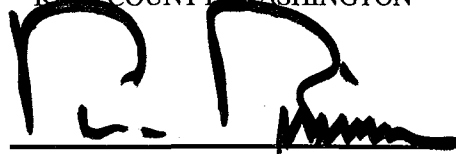
Ordinance 13923 was introduced on 8/23/99 and passed by the Metropolitan King County Council on 8/14/00, by the following vote:

Yes: 13 - Mr. von Reichbauer, Ms. Miller, Ms. Fimia, Mr. Phillips, Mr. Pelz, Mr. McKenna, Ms. Sullivan, Mr. Nickels, Mr. Pullen, Mr. Gossett, Ms. Hague, Mr. Vance and Mr. Irons

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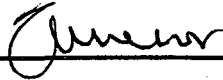
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



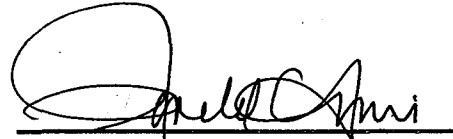
Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 24 day of August, 2000.



Ron Sims, County Executive

Attachments None