Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Sub. H.B. 515** DATE: **May 20, 1998**

STATUS: **As Reported by House Local Government and Townships** SPONSOR: **Rep. Householder**

LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**

CONTENTS: **Use of county credit cards and other financial transaction devices**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1998	FY 1999	FUTURE YEARS
Counties			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase or decrease	Potential minimal increase or decrease	Potential minimal increase or decrease

- The bill could result in increased or decreased costs to counties, depending upon the county's current policies and whether and how the county implements new policies under the bill.

Detailed Fiscal Analysis

The bill expands the list of items which may be paid for by a county credit card to include work-related transportation and Internet service provider expenses. In addition, the bill allows a board of county commissioners to adopt a resolution which authorizes the acceptance of payments by financial transaction devices, which are defined by the bill as including credit cards, debit cards, credit cards, or prepaid or stored value cards. The resolution must include the following:

1) A specification of those county elected officials who are authorized to accept payments by financial transaction devices,
2) A list of the types of expenses that may be paid for by a financial transaction device,
3) A list of the types of financial transaction devices that may be used,
4) The amount, if any, authorized as a surcharge of convenience fee, and
5) A penalty provision for use of a financial transaction device which is returned or dishonored.

The county is required to request proposals from at least three financial institutions and to advertise, in a newspaper of general circulation, its intent to request proposals. Counties would incur minimal additional costs for advertising for proposals, if this is something they would not have done without the bill.

If a county office imposes a surcharge or convenience fee on persons paying with a financial transaction device, the county office is required to post a notice about the fee. The office must also provide, to persons making payments, a statement of the amount of the surcharge or fee and a notice that the fee is nonrefundable. Reprinting forms and signs to include this information could result in minimal costs to counties.

As a whole, the bill could result in some costs or savings to counties, depending upon the county's current policies and whether and how the county implements new policies under the bill. What the bill does, however, is give the county commissioners more control over how and where credit cards may be used, and thus gives them more control over any related costs or savings.

For example, when a county allows users to pay for county fees or services with credit cards, in many cases financial institutions will charge the county a two to five percent transaction fee. A county may be able to lower their transaction fees with a 'volume discount' earned by aggregating transactions from all county offices at one financial institution. Thus, a county-wide coordination of credit card acceptance policies may result in savings, or at least reduced costs, to the county.

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