

2003 DRAFTING REQUEST

Bill

Received: **12/19/2002**

Received By: **phurley**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Vail**

This file may be shown to any legislator: **NO**

Drafter: **phurley**

May Contact:

Addl. Drafters:

Subject: **Transportation - miscellaneous**

Extra Copies: **TNF, ARG**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Vail - BB0280,

Topic:

Convenience Fees for Internet and Telephone Transactions

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	phurley 12/30/2002	jdyer 12/30/2002		_____			
/1			rschluet 12/30/2002	_____	lemery 12/30/2002		
/2	phurley	kfollett	rschluet	_____	lemery		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/31/2003	01/31/2003	01/31/2003	_____	01/31/2003		

FE Sent For:

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/1		1/2 kjf 1/31	rschluet 12/30/2002		lemery 12/30/2002		

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-31-3

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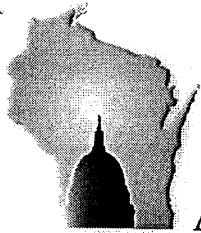
See Attached

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/?	phurley	1/12/30 jld					
				12-30-02			

FE Sent For:

<END>



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
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TTY (608) 267-9629

Date: December 10, 2002

To: Stephen R. Miller, Chief
Legislative Reference Bureau

From: Benjamin J. Vail
Policy and Budget Analyst
ECR Team

Subject: **Biennial Budget Drafting Request**
Agency 395 – Department of Transportation (DOT)

Budget Office Request Title:

Convenience Fee for Internet and Telephone Transactions

Request Description:

- Authorize the department to receive fees and pay vendor costs for processing credit card transactions.
- Amend the statutes to allow the department to charge a convenience fee in addition to the vendor fee assessed for telephone or Internet credit card transactions.

Further information is provided in the attached issue paper prepared by the agency.

BB280

**Department of Transportation
2003-2005 Biennial Budget Request
STATUTORY MODIFICATIONS**

DIN NUMBER: 5512

TOPIC: Convenience Fee--Internet and Telephone

DESCRIPTION OF CHANGE:

The Division of Motor Vehicles (DMV) is developing an Internet based automated oversize/overweight permit issuance system for single-trip and multiple trip permits. For Internet based transactions, use of a credit card is essential. DMV must have a method to recover the required fees for acceptance of payment by credit card.

Further, DMV expects to broaden the number of products or services that could utilize credit cards as another method of payment. The required fees and charges for accepting credit cards for all services listed under s. 85.14 Wis. Stats., should be incorporated into the authority of s. 20.395(5)(cg) Wis. Stats.

Amend s. 20.395(5)(cg) Wis. Stats., to allow the appropriation to receive convenience fees and pay vendor charges for all products authorized under s. 85.14(1)(a) Wis. Stats., for all telephone and credit card transactions.

Amend s. 348.25(8)(e) Wis. Stats., to: 1) include both single trip permits issued under s. 348.26 Wis. Stats., and multiple trip permits issued under s. 348.27 Wis. Stats., b) add Internet processing, as well as the telephone call-in procedure, to the list of reasons an additional fee per permit may be charged; and 3) specify that the Department shall establish the additional fee by Administrative Rule, and that the fee shall be not less than \$5.

The effective date of the change in authority should be the effective date of the 2003-05 biennial budget.

JUSTIFICATION:

Accepting credit cards for various DMV products or services involves three distinct statutory authorities.

1. The Department already has authority to allow the use of credit cards for fee payment for virtually all DMV products; s. 85.14(1)(a) Wis. Stats.
2. Authority is necessary to charge a convenience fee, in addition to the product fee, for transactions that may be paid with credit cards. This authority would appear within statutes covering the program itself. Currently, the Department has statutory authority under s. 341.255(3) Wis. Stats., to charge a convenience fee only in relation to vehicle registration renewal transactions by phone and the fee is established by Administrative Rule.
3. The Department must have an appropriation authorized to receive fees and pay vendor costs for processing the credit card transaction. Currently, appropriation 525 is authorized for only telephone registration renewal transactions.

Customers who currently apply for an oversize/overweight permit by the telephone call-in process are charged a \$5 convenience fee. The Department requests that this convenience fee be expanded to include Internet application as well as telephone applications. In addition, because the cost of the vendor processing fee will depend on the volume of transactions, the Department requests that the fee be set by Administrative Rule at not less than the current \$5.

Without statutory authority to charge a convenience fee and to use an appropriation to deposit the convenience fee revenue and pay vendor costs for processing the credit card transaction, DMV would have to absorb the vendor costs through their operations appropriation. DMV cannot absorb these costs into their base budget and must have a means to recover the required fees.

The Department is developing an Internet-based automated oversize/overweight permit issuance system. For Internet based transactions, use of a credit card is essential. DMV has initiated a small pilot program for payment of

the oversize/overweight permit fees in the Internet based system, and is absorbing the costs of the vendor processing fees. To expand usage of the internet-based system to all single trip permits and multiple trip permits, DMV needs a method to collect a convenience fee to cover the credit card vendor cost. The expected volume of transactions and the related credit card fees and processing costs does not allow DMV to absorb the costs in their operations budget.

Additional DMV transactions will be considered for credit card use in future years. Therefore, DOT requests broadening the appropriation language to allow the agency to charge a fee to cover the processing fees related to allowing all products eligible for credit card use under s. 85.14(1)(a) Wis. Stats.

Hurley, Peggy

From: Grinde, Kirsten
Sent: Friday, December 27, 2002 2:39 PM
To: Hurley, Peggy
Subject: FW: DOT convenience fee stat lang drafting request

Peggy,

Please see the message below from Karen Baetsen at DOT. DOT has separate contracts with third party vendors for all its credit card services and, therefore, does not send payments through the state treasurer. At some point, we may need to review the language in s. 20.395(9)(gg) and in other agencies to see if it accurately reflects current practices, but at this time, I would go with changing s. 20.395(5)(cg) to allow DOT to deposit and spend the revenues from fees for oversize/overweight permits.

Let me know if you need more clarification. I'm scheduled to begin briefing on DOT items Monday, so I hope to have a little more direction on "in/out" items for you and Aaron, then.

Thanks,

Kirsten

-----Original Message-----

From: Baetsen, Karen
Sent: Friday, December 27, 2002 2:31 PM
To: Grinde, Kirsten
Cc: Hammer, Paul; Morehouse, Alice
Subject: RE: DOT convenience fee stat lang drafting request

Kirsten, I hope the following will help you and Peggy to understand what DOT is requesting in the biennial budget request and should better detail our phone conversation today (Dec. 27).

The "convenience fee for internet and telephone" transactions, DIN 5512, is requested to allow the Department to begin accepting credit cards for a specific new application; oversize/overweight permits via the Internet.

DOT already has the authority to use credit cards to nearly all DMV products and services, as you noted under s.85.14(1)(a). Funding the required processing costs has limited the Department's acceptance of credit card use. Only one application is now operational - registration renewals for autos, light trucks or motorcycles by the Internet or telephone. However, DOT has never paid the required merchant and processing fees to the State Treasurer, as noted in s. 85.14 (1)(b) nor utilized appropriation 961 established in 20.395(9)(gg). The specific language of 20.395(9)(gg) has been in the statutes for a long time and was listed as 'non-budget', until the 2001-03 biennium when the LRB changed the appropriation to SEG-C and placed it in chapter 20 with no budget authority.

DOT has always used the 'contract for services' provision of s. 85.14(1)(c) and utilized the program revenue structure in 20.395(5)(cg) for accepting the fees associated with accepting credit cards and for paying the 3rd party vendor interface for the services they provide for handling those credit card payments. This structure is what DMV currently utilizes to process the registration renewals noted above. The program revenue mechanism ensures clear tracking of revenues and expenditures and has been accepted by the DOA Comptrollers Office.

DOT would continue to use the a 3rd party interface for the processing of any new credit card applications including the proposed OS/OW permit process (whether the vendor continues to be Metavante or a new provider) and continue to utilize the program revenue structure to record the fees collected from customers and the corresponding vendor payments. The actual transaction or convenience fee the customer pays for use of the credit card is set by contract negotiations with the 3rd party interface vendor. The convenience fee for the use of credit cards does not include any DOT/DMV administrative costs.

For DOT to utilize the existing program revenue structure to add additional applications of credit card use, several language changes are requested:

1. Amend s. 20.395(5)(cg) to allow the program revenue appropriation to receive convenience fees and pay vendor processing charges for all products listed in s. 85.14(1)(a), for Internet or telephone transactions. Currently, only the current registration renewal program is authorized to use this appropriation.

- X 2. Amend the language within the oversize / overweight program [s.348.25(8)(e)] to include both single-trip and multiple-trip permits to the permits for which Internet and telephone transactions may use credit cards, and for which a convenience fee may be charged. Because the related fees will be established via a 3rd party interface contract and the cost of OS/OW permits are not a flat fee, we request the convenience fee to be established by Rule and that the fee will be not less than \$5.

I hope this answers the questions you and Peggy had. If you have additional questions, be sure to contact Paul or myself (266-0179)

-----Original Message-----

From: Grinde, Kirsten
Sent: Thursday, December 26, 2002 9:32 AM
To: Hammer, Paul; Baetsen, Karen
Subject: DOT convenience fee stat lang drafting request

Paul or Karen,

Peggy Hurley, a drafter at LRB, is asking for DOT's rationale on adding the convenience fee to s. 20.395(5)(cg), rather than using the current law under s. 20.395(9)(gg).

She reads s. 20.395(9)(gg) as covering this request and that no new language is needed. As an alternative, she is wondering if DOT would agree to her modifying s. 85.14 to include the authority to charge an additional fee for the items listed in the background paper.

I think, in general, it would be helpful to clarify the difference between s. 20.395(5)(cg) and (9)(gg). It appears that on the one hand, the fees are paid to the treasurer to cover costs of a statewide pool/contract, versus DOT having a specific charge/surcharge that is not necessarily used to pay contract costs, but is more of a money maker to cover overhead in DMV.

Please let me know if you have any questions or need more information.

Thanks,

Kirsten



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1229/1

PJH:.....

JLD

DOA:.....Vail - BB0280, Convenience Fees for Internet and Telephone Transactions

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

don't gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TRANSPORTATION ✓

OTHER TRANSPORTATION ✓

Under current law, DOT accepts credit card payments by telephone or internet * for registration renewals for automobiles, light trucks, and motorcycles.

* This bill allows DOT to accept credit card payments by telephone or internet * usage for oversized overweight vehicle permits. (OS)

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.395 (5) (cg) ✓ of the statutes is amended to read:

3 20.395 (5) (cg) *Vehicle registration, telephone renewal transactions, state funds.*

4 From the general fund, all moneys received from telephone credit card transaction

5 fees under s. ~~341.255 (3)~~ for the purpose of ~~administering vehicle registration~~

1 ~~renewals under s. 341.255 (3)~~ that are authorized under s. 85.14 (1) (a) and all
 2 moneys received from convenience fees for the purpose of administering vehicle
 3 registration renewals and paying vendor charges.

History: 1971 c. 40 s. 93; 1971 c. 42, 107; 1971 c. 125 ss. 122 to 137, 522 (1); 1971 c. 197, 211, 215, 307; 1973 c. 90, 142, 243, 333, 336; 1975 c. 39; 1975 c. 163 s. 16; 1975 c. 200, 224, 270, 288, 340, 422; 1977 c. 29, 377, 418; 1979 c. 34 ss. 322e to 420, 574, 575; 1979 c. 221; 1981 c. 20 ss. 238 to 300, 2202 (51) (c), (e); 1981 c. 165, 234; 1981 c. 314 s. 146; 1981 c. 347 s. 80; 1981 c. 362; 1983 a. 27 ss. 270g to 315, 2202 (20); 1983 a. 243; 1985 a. 29 ss. 357 to 402, 3202 (51) (a); 1985 a. 65, 76, 341; 1987 a. 27, 137, 349, 369, 399, 403; 1989 a. 31, 56; 1991 a. 39, 104, 239, 269; 1993 a. 16, 285, 354, 437; 1995 a. 27, 113, 201, 338, 445; 1997 a. 27, 35, 135, 237, 255; 1999 a. 9, 109, 146, 167, 185; 2001 a. 16, 104, 109.

4 **SECTION 2.** 348.25 (8) (e) of the statutes is amended to read:

5 348.25 (8) (e) The officer or agency authorized to issue a permit under s. 348.26
 6 may require any applicant for a permit under s. 348.26 to pay the cost of any special
 7 investigation undertaken to determine whether a permit should be approved or
 8 denied and to pay an additional fee of \$5 per permit if a department telephone call-in
 9 procedure is used. If the department permits the payment of the fee under par. (a)
 10 by telephone or internet with use of a credit card, the department shall charge a fee
 11 to be established by rule for each transaction. The fee shall approximate the cost to
 12 the department for providing this service to persons so requesting.

History: 1973 c. 316, 333, 336; 1975 c. 66; 1977 c. 29 ss. 1488, 1654 (8) (a); 1979 c. 34, 221; 1981 c. 20, 69, 215, 312; 1981 c. 347 s. 80 (2), 1981 c. 391; 1983 a. 78 s. 37; 1985 a. 212; 1987 a. 27; 1989 a. 35, 130; 1991 a. 39, 316; 1993 a. 16; 1995 a. 163, 348; 1999 a. 9, 80; 2001 a. 78.

13

(END)

Hurley, Peggy

From: Grinde, Kirsten
Sent: Friday, January 31, 2003 1:23 PM
To: Hurley, Peggy
Subject: FW: Review of LRB 1229/1

Importance: High

Peggy -- Please see DOT's comments on LRB 1229/1. Please make any necessary changes to accomplish the intent described. Let me know if you have any changes or, if you need to, contact Karen, Paul or Alice for clarification. Thanks, Kirsten

-----Original Message-----

From: Baetsen, Karen
Sent: Friday, January 31, 2003 11:21 AM
To: Grinde, Kirsten
Cc: Morehouse, Alice; Hammer, Paul
Subject: Review of LRB 1229/1
Importance: High

LRB - 1229/1 Convenience Fees for Internet and Telephone Transactions

Section 1 of the draft does NOT fully accomplish broadening the use of credit cards for Internet applications for all products and services detailed in s.85.14(1)(a). DOT requests authority to use the program revenue appropriation established in s. 20.395(5)(cg) for Internet applications where a credit card payment is required, and for ALL the products and services listed in s. 85.14 (1)(a).

Statutory title for 20.395(5)(cg) needs to be modified to delete the reference to "vehicle registration" and "renewal". Modify the title to be broader. As an example; "Internet and telephone transactions, state funds."

Add "Internet" credit card transactions to line 4 of page 1 of the draft, allowing the program revenue appropriation to be utilized for Internet credit card transactions.

Delete specific reference to "vehicle registration renewals", line 2 and 3 of page 2 of the draft. The chapters listed in s.85.14(1)(a) include programs other than vehicle registration. Therefore, the new language needs to be broader to allow expanded Internet and/or telephone applications that utilize credit cards for any of the following program areas.

Ch. 194 refers to Motor Vehicle Transportation (much of language references commercial motor vehicle aspects)

Ch. 218 refers to Auto Dealers - Finance Companies

Ch. 341 refers to Registration of Vehicles

Ch. 342 refers to Vehicle Titles & Anti-Theft Law

Ch. 343 refers to Operator's License

Ch. 348 refers to Vehicles - Size, Weight, and Load

Section 2 of the draft only addresses "single-trip permits" (s.348.26). The upcoming Internet application using credit card payment is also applicable to oversize and overweight loads involving "multiple-trip permits" (s. 348.27). Modify the section to also include reference to s. 348.27, lines 5 and 6 of page 2. In addition, line 9 of page 2 appears to only address single-trip oversize/overweight permits. Also modify to include multiple-trip oversize/overweight permits.

If you have any questions, please let myself or Alice or Paul know. Thank you for the opportunity to review the draft.

Karen Baetsen
OPB
266-0179

Soon

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Kif

DOA:.....Vail - BB0280, Convenience Fees for Internet and Telephone Transactions

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

Do Not Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TRANSPORTATION

OTHER TRANSPORTATION

Under current law, DOT accepts credit card payments by telephone or Internet for registration renewals for automobiles, light trucks, and motorcycles.

This bill allows DOT to accept credit card payments by telephone or Internet usage for oversize or overweight vehicle permits.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.395 (5) (cg) of the statutes is amended to read:

3 20.395 (5) (cg) ~~Vehicle registration, telephone renewal~~ transactions, state funds.

4 From the general fund, all moneys received from telephone credit card transaction

5 fees under s. 341.255 (3) for the purpose of administering vehicle registration

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Internet and telephone

1 ~~renewals under s. 341.255 (3) that are authorized under s. 85.14 (1) (a) and all~~
 2 ~~moneys received from convenience fees for the purpose of administering vehicle~~
 3 ~~registration renewals and paying vendor charges.~~ and Internet

insert
 Note: end

4 SECTION ~~#~~ 348.25 (8) (e) of the statutes is amended to read:

5 348.25 (8) (e) The officer or agency authorized to issue a permit under s. 348.26
 6 may require any applicant for a permit under s. 348.26 to pay the cost of any special
 7 investigation undertaken to determine whether a permit should be approved or
 8 denied and to pay an additional fee of \$5 per permit if a department telephone call-in
 9 procedure is used. If the department permits the payment of the fee under par. (a)
 10 by telephone or Internet with use of a credit card, the department shall charge a fee
 11 to be established by rule for each transaction. The fee shall approximate the cost to
 12 the department for providing this service to persons so requesting.

or
 348.27
 ↑ use
 twice

(END)
 (intro.)

Section ~~#~~ 348.25 (8) (a) ^(intro.) of the statutes is amended to read:
 Except as provided under par. (dm), the department shall
 charge the following fees for each permit issued under
 s. 348.26 or 348.27:

348.25 (8) (a) (intro.)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1229/2
PJH:jld&kjf:rs

DOA:.....Vail - BB0280, Convenience Fees for Internet and Telephone Transactions

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2 SECTION 1. 20.395 (5) (cg) of the statutes is amended to read:

3 20.395 (5) (cg) ~~Vehicle registration, telephone renewal~~ Internet and telephone
4 transactions, state funds. From the general fund, all moneys received from Internet
5 and telephone credit card transaction fees under s. 341.255 (3) for the purpose of

1 ~~administering vehicle registration renewals under s. 341.255 (3) that are authorized~~
2 ~~under s. 85.14 (1) (a) and all moneys received from convenience fees for the purpose~~
3 ~~of paying vendor and Internet charges.~~

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

4 **SECTION 2.** 348.25 (8) (a) (intro.) of the statutes is amended to read:

5 348.25 (8) (a) (intro.) Except as provided under par. (dm), the department shall
6 charge the following fees for each permit issued under s. 348.26 or 348.27:

7 **SECTION 3.** 348.25 (8) (e) of the statutes is amended to read:

8 348.25 (8) (e) The officer or agency authorized to issue a permit under s. 348.26
9 or 348.27 may require any applicant for a permit under s. 348.26 or 348.27 to pay the
10 cost of any special investigation undertaken to determine whether a permit should
11 be approved or denied and to pay an additional fee of \$5 per permit if a department
12 telephone call-in procedure is used. If the department permits the payment of the
13 fee under par. (a) by telephone or Internet with use of a credit card, the department
14 shall charge a fee to be established by rule for each transaction. The fee shall
15 approximate the cost to the department for providing this service to persons so
16 requesting.

17

(END)