

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 488** HLS 13RS 888  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 23, 2013 11:16 AM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Public Safety/Treasury	<b>Analyst:</b> Travis McIlwain
<b>Subject:</b> State Transactions	

STATE AGENCIES EG INCREASE GF EX See Note Page 1 of 1  
 Requires state departments, agencies, boards, and commissions to accept cash and credit cards for certain transactions

Proposed legislation provides that the Department of Public Safety (DPS) shall accept credit cards and shall charge a convenience fee. Proposed legislation eliminates DPS' convenience fee price floor of \$1 and price ceiling of \$150. Proposed legislation exempts any payments made through a nationwide licensing or registry system, or any payments made pursuant to the Louisiana Securities Law.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
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Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The proposed legislation is anticipated to result in an indeterminable increase in state expenditures. This bill mandates that the Department of Public Safety (DPS) and all state agencies accept credit/debit card payments (approved by State Treasury). The costs associated with this legislation will ultimately depend upon the number of state agencies that are not currently accepting credit/debt cards. To the extent a state agency is not currently accepting debit/credit cards, specific costs incurred include purchasing credit card readers and paying a \$500 fee paid to State Treasury.

State Treasury currently has a contract in place with First Data for all credit/debit card transactions. This contract provides for a state agency to pay a \$500 fee for the creation of its payment gateway as opposed to having a vendor create for them. State Treasury believes this \$500 fee is less costly than a state agency paying its own vendor. At a minimum, mandating state agencies to accept credit/debit care payments will result in at least \$500 for each agency not currently offering this payment method. At this time, the LFO is unable to ascertain the number of state agencies that currently offer credit/debit cards as a payment method.

In addition, the proposed legislation will result in an indeterminable number of state agencies (those currently not offering credit/debit card transactions) purchasing credit card readers. Based upon LFO research, credit card readers range from \$60 to \$300 per reader depending upon brand and type. The LFO is unable to project how many credit card readers would have to be purchased as a result of this bill. However, DPS is projecting the need for 800 credit card readers as a result of this bill at a cost of \$800,000 (\$1,000/reader). This expenditure may be overstated. To the extent DPS purchases credit card readers costing \$300/reader, the anticipated cost for card readers would be reduced to \$240,000. The LFO is unable to calculate how many specific credit card readers would be purchased as a result of this bill.

Other potential expenditures associated with this bill involve any in-house or vendor IT modifications to existing IT systems. The specific costs of these changes is indeterminable. However, DPS has indicated anticipated vendor costs of approximately \$260,000 to modify the following systems: GTECH Video Gaming System, Driver's License Reinstatement, Vehicle Registration, Other various OMV systems, Concealed Handgun System, ThinkStream Clerk Crash Report.

**REVENUE EXPLANATION**

This bill is anticipated to result in an indeterminable increase in credit/debit card convenience fee collections. This bill provides that when state agencies accept credit/debit cards, state agencies must charge a convenience fee. This fee will be utilized to offset the cost of allowing state services to be paid with credit/debit cards. **NOTE:** Since VISA does not allow merchants to charge cardholders a convenience fee for face-to-face transactions, the State Treasury has indicated that the state's contract for card processing services places liability of violations on the state. Thus, penalties and loss of card acceptance privileges may be impacted.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

*Evan Brasseaux*  
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 Staff Director