



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**


ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

July 7, 2017

MEMORANDUM

TO: Senator Phil Berger, President Pro-Tempore of the Senate
Representative Tim Moore, Speaker of the House of Representatives

FROM: Charles Perusse 
State Budget Director

SUBJECT: NCDOT Requests Approval to Implement a Transaction Fee

The Office of State Budget and Management (OSBM), as required by G.S. 66-58.12., must consult with the Joint Legislative Commission on Governmental Operations when a department requests to implement a transaction fee to cover the costs of permitting a person to complete a transaction for online credit/debit card transactions.

The Department of Transportation wishes to implement a fee and allow customers to make payment to the North Carolina Department of Motor Vehicles (NCDMV) when their previous payment was returned for insufficient funds. This payment would be made in lieu of a certified check.

Please see the attached request from the Department of Transportation.

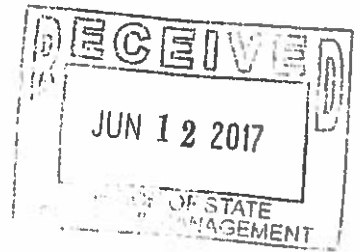
If there are questions, you may contact Assistant State Budget Officer Thomas Cheek at (919) 807-4738.

Thank you.

cc: Kristin Walker
Thomas Cheek
Jeffrey Marcum
Sherrie Campbell
Daniel Palmetier
Trevor Minor



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

June 6, 2017

Mr. Charles Perusse
State Budget Director
North Carolina Office of State Budget and Management
20320 Mail Service Center
Raleigh, North Carolina 27699-0320

Mr. Perusse:

The North Carolina Department of Transportation (NCDOT) requests approval to implement a transaction fee to cover the costs of its customers paying the North Carolina Department of Motor Vehicles (NCDMV) when using credit/debit cards via the internet for services where their previous payment was returned due to non-sufficient funds.

As you are aware; General Statute 66-58.12 states in part that "(b) an agency may charge a fee to cover its costs of permitting a person to complete a transaction through the World Wide Web or other means of electronic access. The fee may be applied on a per transaction basis and may be calculated either as a flat fee or a percentage fee, as determined under an agreement between a person and a public agency. The fee may be collected by the agency or by its third party agent and (c) the fee imposed under subsection (b) of this section must be approved by the Office of State Budget and Management, in consultation with the State Chief Information Officer and the Joint Legislative Commission on Governmental Operations. The revenue derived from the fee must be credited to a nonreverting agency reserve account. The funds in the account may be expended only for e-commerce initiatives and projects approved by the State Chief Information Officer, in consultation with the Joint Legislative Oversight Committee on Information Technology. For purposes of this subsection, the term "public agencies" does not include a county, unit, special district, or other political subdivision of government".

NCDOT is proposing a \$10.00 transaction fee to its customers for these types of payments. The intent of this fee is to cover the credit/debit card and PayPoint gateway fees of this application. This will add an additional avenue for the customer to pay NCDOT besides sending in a certified check.

NCDOT estimates that annual transaction volume will be 1,359 transactions totaling around \$445.7 thousand dollars in revenues and transaction fees for this application. NCDOT will closely monitor the collection volumes, credit card fees incurred, and transaction fees collected.

Mailing Address:
NC DEPARTMENT OF
TRANSPORTATION
ACCOUNTING OPERATIONS
1514 MSC
RALEIGH, NC 27699-1514

Telephone: (919) 707-4200
Fax: (919) 715-8718
Customer Service: 1-877-368-4968

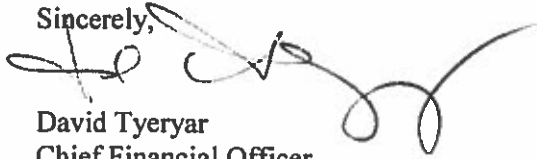
Website: www.ncdot.gov

Location:
1 S. WILMINGTON ST
RALEIGH, NC 27601

If an adjustment to the transaction fee is warranted, NCDOT will seek additional approval.

Please contact Luke Harris at 919-707-4265 or Todd Morgan at 919-707-4269 if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Tyeryar', with a long, sweeping horizontal line extending to the right.

David Tyeryar
Chief Financial Officer

cc: Jeff Marcum, OSBM
Taylor Brumbeloe, OSC

Credit Card Fee Estimate for DMV Return Check

Estimated Transaction and Amounts	
Total amount of DMV Bad checks dollar volume (annual)	\$742,915.00
Total # of DMV bad checks (annual)	2,265
Average ticket size	<u>\$328.00</u>
	Transactions
60% of total bad checks will pay by credit card estimate(annual)	1,359
Amount Collected by credit cards	\$445,749.00
Chargeback estimate 2% of 60% paying by credit card	27
Lost Disputes 1/4 % OF THE 2% COLLECTED BACK	6.75

Merchant Fees	
STMS Fee %	2.5%
PayPoint Gateway Fee per Transactions	\$0.08
Charge Back Fee per Transaction	\$10.00

Estimated Costs	
Credit Card Fees	
STMS Fees (2.5% X Dollars Collected)	\$11,143.73
PayPoint GATEWAY FEE (.08 X transactions)	\$108.72
Charge Back Fees	
Charge Back Fee (\$10.00 X number of chargebacks)	\$270.00
Lost Disputes (Average ticket size X transactions)	\$2,213.99
Total Cost	<u>\$13,736.43</u>

Convenience Fee	
% of Credit Card Cost (Total Cost / Dollars Collected)	3.08%
Estimated fee to charge to cover costs per transaction	<u>\$ 10.11</u>
Estimated fee per transaction (rounded)	<u>\$10</u>