



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee Members  
From: Nathan Lavery, Fiscal Analyst  
Date: January 7, 2013  
Subject: JFO #2662, #2663

In accordance with a standing request by members of the Joint Fiscal Committee, the following items will be held for legislative review:

**JFO #2662** – Request to establish a **3% fee** for credit card payment of tax bills to the Vermont Department of Taxes. This fee is proposed to sunset in two years. This request applies to credit card payments only. Taxpayers retain the ability to pay tax bills without additional fees by paying with cash, check, or electronic check (ACH). The proposed 3% fee will replace the existing fee structure (no fee for payments below \$200, 2% for payments of at least \$200) which is administratively burdensome and has results in taxpayers using a loophole to avoid payment of the fee (by submitting multiple payments of \$199). [JFO received 01/06/14]

**JFO #2663** – Request to establish a **3% fee** for over-the-counter credit card payment of DMV fees at DMV branch offices. This fee will replace the 2.5% fee currently applied to this type of payment. This request applies to credit card payments only. Customers retain the ability to pay bills without additional fees by paying with cash or check. The existing 2.5% fee was adopted in 2009 with the expectation that it could be increased after an initial period of evaluation. [JFO received 01/06/14]

In accordance with 22 V.S.A. § 953 (c)(2), JFO #2662 and #2663 are not accepted unless and until approved by the General Assembly.

Questions and requests for materials associated with these items can be directed to the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; [nlavery@leg.state.vt.us](mailto:nlavery@leg.state.vt.us)).



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**MEMORANDUM**

To: Joint Fiscal Committee Members  
From: Nathan Lavery, Fiscal Analyst  
Date: January 7, 2014  
Subject: Position Request

Enclosed please find three (3) items that the Joint Fiscal Office has received from the administration. One limited service position is associated with these items.

**JFO #2661** – Request to establish **one (1) limited service positions** in the Department of Fish and Wildlife. This position will support the Vermont Hunter Education Program, a hunter education, hunter development, and firearm and archery safety effort. Job duties will include management of day-to-day operations of Department-owned shooting ranges and coordination of the Department's shooting range safety team. The Department receives \$80,000 of authorized funding annually from the US Fish and Wildlife Service for hunter education enhancement. In the past, this funding was passed through to shooting range clubs for shooting range improvements. Due to the increased volume of anticipated Department shooting range projects and maintenance in the near future, the Department will shift the federal funds from sub-grant work to a limited service position.

*[JFO received 01/02/14]*

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*[JFO received 01/06/14]*

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*[JFO received 01/06/14]*

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; [nlavery@leg.state.vt.us](mailto:nlavery@leg.state.vt.us)) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by January 21 we will assume that you agree to consider as final the Governor's acceptance of these requests.



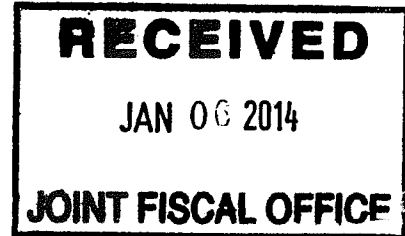
SFO 2662

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Jeb Spaulding, Secretary

December 17, 2013



The Honorable Governor Peter Shumlin  
Pavilion Building  
Montpelier, Vermont 05602

Dear Governor Shumlin:

In 2013, the Department of Information and Innovation (DII) entered into a contract with Vermont Information Consortium (VIC), which provides development and hosting services for the Vermont.gov web portal. The web portal includes sites that are informational, promotional and transactional in nature that are developed with no direct cost to the state. All sites are financed through an assessment of per-transaction fees on a small number of sites that offer fee based eGovernment services. An example of a transaction based site that includes such fees is the Department of Motor Vehicles vehicle registration site.

A two-step process was put in place by statute for approval of sites that include such fees. The Web Portal Board, made up of a number of agency and department officials and two members of the Legislature, meet to consider proposals that are first vetted by DII. If the Web Portal Board approves the fee structure, the next step is for the Governor's office to present the board's action to the Joint Fiscal Committee with a request for approval. The Joint Fiscal Committee then acts to review and approve or reject the actions of the board.

Beginning in 2004 New England Interactive, a forerunner of VIC created two services for the Tax Department. These services, known as VTPay and Bizfile, allow individuals and businesses, respectively, to make tax payments online. Since these services were in place before the first contract with VIC was signed in 2006 the agreements around them were grandfathered in when that contract was initiated. Under those agreements the Department of Taxes currently pays a \$1 per transaction portal fee to cover development and on-going maintenance and support handled by VIC. A different fee structure is in place to handle payment processing.

All users can currently make payments into either system using electronic checks (ACH) at no additional cost. The proposed fees would only affect those choosing to use a credit card (currently about 8% of users). Currently credit cards can be used without a fee to the end user for tax amounts under \$200. For these transactions the Department of Taxes pays VIC 1.743% of the tax amount plus \$.20 per transaction. For taxpayers who want to pay over \$200, a flat 2% fee is added, which goes to VIC for credit card processing. This fee structure has resulted in taxpayers submitting several \$199 transactions to avoid being charged a fee. This fee structure is extremely complex and inefficient for both VIC and the Tax Department. At month end an analysis of transactions is done to bill the Department for fees incurred. This is time consuming for both VIC to calculate and Tax to verify and can potentially result in errors, with reconciliation efforts to follow by both the Department of Taxes and VIC.

To correct these shortcomings the Department of Taxes and VIC are proposing to change the fee structure to a flat rate of 3% for all credit card users for the next two years, at which point the fee will again need to be reviewed and altered or reapproved. This fee will not impact users who choose the option of paying by ACH transaction. These will remain free of additional charges.

The Web Portal Board met December 16, 2013 and approved the new proposed fee of 3% for credit card transaction on this service. During the 2010 session the Legislature created a new process for gaining the Joint Fiscal Committee's approval of fees. Therefore, this letter is submitted in accordance with this new process. The new process is as follows:

(1) All such charges (following approval by the Web Portal Board) shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to those items:

- (A) the costs, direct and indirect, for the present and future years related to the charge;
- (B) the department or program which will utilize the charge;
- (C) a brief statement of purpose;
- (D) the impact on existing programs if the charge is not accepted.

For this project these are:

(A) With regard to this adjusted fee we submit the following for your consideration:

The funding for ongoing use of the service will be payable to VIC by taxpayers choosing to make payments via credit card through a 3% fee on the transaction amount. Of this fee approximately two thirds, or 2% of the total payment, will be paid to the credit card company for processing. The remaining third, or 1% of the total, will go to VIC for the continued support of the Web Portal Project which includes hosting, support and maintenance for this service. This is an optional fee as taxpayers have the option of paying by cash or check without incurring the 3% charge.

(B) This service was created for the Department of Taxes.

(C) The purpose of the change in this fee is to eliminate a convoluted fee based on business needs from 2004 which no longer exist. The fee will likely result in a slightly greater per-transaction fee to VIC, partially due to the elimination of the \$200 limit which was used by some to avoid a fee they should have paid. The total collected by VIC for this service will likely decrease because ACH payments were not formerly accepted by the VTPay service, so there will likely be fewer total credit card transactions.

Current Process:

The current process is outlined above and requires several hours of time from both Tax Department and VIC staff to manage the fee payment process.

Future Online Process:

The new fee structure will eliminate the manual processing of fees, see that those choosing to use credit cards are appropriately changed for that use and allow the continued orderly functioning of the existing service.

(D) If this fee adjustment is rejected it will result in the continued loss of time to the calculation and reconciliation of fees based on the outdated fee structure currently in place.

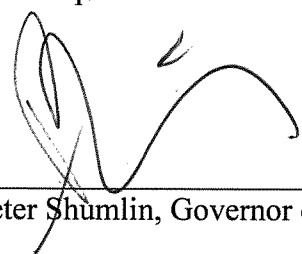
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Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the Joint Fiscal Office, so they may take the next steps to help us continue to create a modern eGovernment system for the State of Vermont.

Respectfully Submitted,



Michael Clasen, Chairperson of the Web Portal Board



Approved

Peter Shumlin, Governor of the State of Vermont

**Attached is a request for Joint Fiscal Committee and Legislative approval of the Department of Taxes' proposed fee structure for all credit card payments to the Department of Taxes.**

Beginning in 2004 New England Interactive, a forerunner of VIC created two services for the Tax Department. These services, known as VTPay and Bizfile, allow individuals and businesses, respectively, to make tax payments online. Since these services were in place before the first contract with VIC was signed in 2006 the agreements around them were grandfathered in when that contract was initiated. Under those agreements the Department of Taxes currently pays a \$1 per transaction portal fee to cover development and on-going maintenance and support handled by VIC. A different fee structure is in place to handle payment processing.

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**The Web Portal Board and the Governor have approved this fee.**

*In accordance with 22 V.S.A. § 953 (c)(2): The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration.*

Thank you for your consideration.

Cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office