



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee members
From: Daniel Dickerson, Fiscal Analyst
Date: April 30, 2020
Subject: Web Portal Board charge request

Enclosed please find one (1) item, which the Joint Fiscal Office has received from the Administration.

The Dept. of Motor Vehicles (DMV) has requested a new 3% charge that would be levied on payers that opt to use credit cards to pay certain taxes and fees through DMV's Commercial Vehicles Operation Unit. This move is being requested in conjunction with the implementation of new software within DMV for return processing and revenue collection. ACH would still be available as a payment method at no cost. The DMV has estimated that approximately \$12 million of the \$125 million it currently collects through the Commercial Vehicles Operation Unit may be collected via credit card if this charge were implemented, which would result in \$360,000 in revenue from the charge. The DMV requested the charge to be consistent with the charge levied by the Tax Department on credit card payers. In the attached memo, the DMV reported that the Web Portal Board met on 3/12/2020 and approved the new charge and, per 22 V.S.A. §953(c), the request then went to the Governor for approval and has now been sent to the Joint Fiscal Committee.

[JFO received 04/23/20]

Note: The Joint Fiscal Office reached out to DMV to ask some clarifying questions regarding this request and to-date has not received a response. It was not clear what the direct and indirect costs would be to implement this charge. If entities were to utilize the credit card option and then claim the charge as a business expense on the income tax return, then there could be some impact to the General Fund. Additionally, the DMV did not make clear that the 3% charge that would be levied on credit card users would be the same as the charge that the state would have to pay to credit card companies, so it is unknown whether the charge is revenue neutral. Finally, the DMV did not provide any minutes or background information from the Web Portal Board meeting to certify that the charge was approved.

Please review the enclosed materials and notify the Joint Fiscal Office (Daniel Dickerson at (802) 828-2472; ddickerson@leg.state.vt.us) if you have questions or would like this item held for legislative review. Unless we hear from you to the contrary by May 14, 2020 we will assume that you agree to consider as final the Governor's acceptance of this request.



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DEPARTMENTAL MEMORANDUM

DATE: April 21, 2020

TO: The Honorable Governor Philip B. Scott

FROM: Wanda L. Minoli, Commissioner Department of Motor Vehicles

SUBJECT: Request to Approve Transaction Fees Adopted by the State Web Portal Board
DMV- Commercial Vehicle Operations Filing System

This is a request made pursuant to 22 V.S.A. § 953 for the Governor's approval of credit card charges adopted by the Web Portal Board so that the Department of Motor Vehicles (DMV) can authorize approximately \$12 million in payments by credit card of all taxes and fees collected through our Commercial Vehicle Operations Unit, including Rental, Motor Fuel, Diesel, Aviation taxes, the International Fuel Tax Agreement (IFTA), as well as the fees collected through the International Registration Plan (IRP). A 3% charge will be assessed to cover credit card fees, but end users will have the option of paying via ACH at no charge.

Purpose

In May of this year DMV will be implementing a software solution for return processing and revenue collection of all taxes and fees collected through its Commercial Vehicle Operations Unit, including Rental, Motor Fuel, Diesel, Aviation taxes, the International Fuel Tax Agreement (IFTA) as well as the fees collected through the International Registration Plan (IRP).

The fees and taxes collected through this program are in excess of \$125 million annually. The bulk of these taxes are required by statute to be paid via ACH; however, there is approximately \$12 million that potentially could be collected through E-Services via credit/debit cards. The new system is currently designed to accept credit cards at the request of our business partners. For these services it would be a business decision by the owner of the service whether to incur this fee.

The Web Portal Board met on March 12, 2020 and approved the proposed credit card fee structure for this system. DMV presented its plan to remain consistent with current practices by assessing a 3% credit card fee to the end users for the services listed above. This is the same practice used by the Vermont Department of Taxes. Vermont businesses paying taxes and fees through the Commercial Vehicles Operations system will



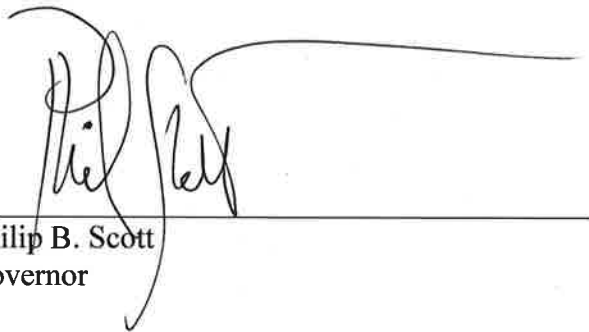
always have the ability to pay by ACH and will be available at no additional charge to the end user, so customers have the choice to pay in different methods.

Without this approval the Department could experience an annual impact to its operating budget of up to \$360,000.00 or modify our system design to not accept credit cards.

Based on the above description of the need for this new system and understanding that fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this request, along with your approval, to the Joint Fiscal Committee through the Joint Fiscal Office for next steps.

I look forward to your approval and should you have any questions or concerns I would be more than happy to discuss them with you.

APPROVED:

A handwritten signature in black ink, appearing to read 'Philip B. Scott', is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Philip B. Scott
Governor

cc: Brittney Wilson, Secretary of Civil and Military Affairs
Brad Ferland, Deputy Secretary of Administration
Michael Smith, DMV, Director of Operations

