



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: James Reardon, Commissioner of Finance & Management  
From: Nathan Lavery, Fiscal Analyst  
Date: January 4, 2011  
Subject: JFO #2544

No Joint Fiscal Committee member has requested that the following item be held for review:

**JFO #2544** – Request to establish a 2.5% fee in order to implement an over-the-counter credit card payment process at DMV branch offices. This fee would be added to the total payment if a customer elects to pay by credit card. Cash and check payment options are unchanged. Joint Fiscal Committee approval of this fee request is required in accordance with 22 V.S.A. § 953 (c)(2).  
[JFO received 12/05/11]

The Governor's approval may now be considered final. Please inform the Secretary of Administration and your staff of this action.

cc: Robert Ide, Commissioner



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee Members  
From: Nathan Lavery, Fiscal Analyst  
Date: December 6, 2011  
Subject: Grant Requests

Enclosed please find two (2) items that the Joint Fiscal Office has received from the administration. Seven (7) limited service position requests are included among these items.

**JFO #2543** – \$35,627,895 grant from the U.S. Department of Health and Human Services to the Department of Vermont Health Access (DVHA). This grant will fund \$32 million of incentive payments for Provider and Hospital Electronic Records, and fund seven (7) limited service positions. The Joint Fiscal Committee previewed this grant at the November 8, 2011 meeting. **Expedited review has been requested. Joint Fiscal Committee members will be contacted by December 12 with a request to waive the balance of the review period and approve this item.**

*[JFO received 12/05/11]*

**JFO #2544** – Request to establish a 2.5% fee in order to implement an over-the-counter credit card payment process at DMV branch offices. This fee would be added to the total payment if a customer elects to pay by credit card. Cash and check payment options are unchanged. Joint Fiscal Committee approval of this fee request is required in accordance with 22 V.S.A. § 953 (c)(2).

*[JFO received 12/05/11]*

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 December 12 we will assume that you agree to consider as final the Governor's acceptance of these requests.



State of Vermont  
Agency of Administration  
Office of the Secretary  
Pavilion Office Building  
109 State Street  
Montpelier, VT 05609-0201  
[www.adm.state.vt.us](http://www.adm.state.vt.us)

[phone] 802-828-3322  
[fax] 802-828-3320

Jeb Spaulding, Secretary

JFO 2544

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Jeb Spaulding, Secretary of Administration  
**DATE:** November 28, 2011  
**SUBJECT:** Department of Motor Vehicles (DMV) proposed fee structure for credit card payment processing related to branch office transactions.

**Attached is a request for Joint Fiscal Committee and Legislative approval of the Department of Motor Vehicles (DMV) proposed fee structure for credit card payment processing related to branch office transactions.**

The Department of Motor Vehicles has worked with the Department of Information and Innovation and the Vermont Information Consortium (VIC) to develop a credit card payment system for branch office transactions. VIC and the Department of Motor Vehicles (DMV) are requesting that the Joint Fiscal Committee approve a 2.5% convenience fee to allow for the implementation of a secure over-the-counter credit card payment option for DMV branch offices. As an example, a customer paying a \$60 fee will pay an additional \$1.50 for payment with his/her credit card.

Today the DMV accepts only cash and checks at its branches, which can be frustrating for many customers who would prefer to pay by credit card. VIC will supply the DMV with secure card swipers, and for each transaction an additional 2.5% will be added for payment with a credit card. The cost for the card swipers to the DMV will be \$100 per swiper, and it is anticipated that 125 swipers will be necessary for all six branch offices. VIC will also develop an online form for the DMV clerks to use that will integrate with the card swipers for customer service and reconciliation.

VIC will also create placards, informational posters, etc. at no cost to help market this convenient new payment option, and will provide training for branch clerks. Under this proposal there is no additional capital outlay and no incremental merchant fees to the DMV – the Department will procure a credit card solution at no cost. It is expected that this solution will be piloted at the Montpelier DMV, and then expanded to serve other branches of the DMV.

VIC will pay all merchant fees associated with the transactions out of the 2.5% convenience fee. Average merchant fees are approximately 2% of the total transaction cost. VIC expects the OTC service will require approximately four weeks of development, testing and training to make the system ready for implementation. VIC will continue to provide resources as required for maintenance and support on a going forward basis, and is hoping to be able to hire a .5 FTE customer service representative once the service goes live.

**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



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*Jeb Spaulding, Secretary*

November 28, 2011

The Honorable Governor Peter Shumlin  
Pavilion Building  
Montpelier, Vermont 05602

Dear Governor Shumlin:

In 2006, 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 at no additional 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 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.

VIC and the Department of Motor Vehicles (DMV) are requesting that the Joint Fiscal Committee approve a transaction fee to allow for the implementation of a secure over-the-counter credit card payment option for DMV branch offices in order to make it easier for citizens to do business with the state.

The Web Portal Board met June 23, 2009 and approved the proposed fee structure for this system. 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 new process and the fees associated with the development of the payment system, we submit the following for your consideration:

The additional funding for ongoing use of the service will be payable to VIC by the DMV customers through a 2.5% enhanced access fee on the transaction amount. Of this fee approximately 2 of the 2.5% will be paid to the credit card company for processing. The remaining .5% will go to VIC for the continued support of the Web Portal Project which would then include hosting, support and maintenance for this service.

(B) This system is being built for the Department of Motor Vehicles.

(C) The purpose of this project is to improve customer service for the DMV and provide citizens a way to conduct business with the state using credit card transactions.

Current Process:

The current process is for DMV to accept cash and checks only.

Future Online Process:

This service provides a vast improvement in customer service and brings DMV into the 21st century by allowing customers to use their credit cards to pay for any and all over the counter transactions.

(D) If this service is rejected the DMV will have to continue to refuse credit card transactions or publish an RFP and go through the contracting process on a time and materials basis extending the length of the project for many months to a year and requiring funding not currently in the department's budget, perhaps requiring a fee increase for all DMV services.

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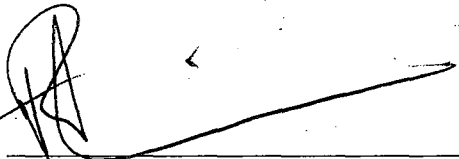
Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the Joint Fiscal Office, so 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, Deputy Secretary  
Chairperson of the Web Portal Board

Approved

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Peter Shumlin, Governor of the State of Vermont

<b>SERVICE NAME</b>	Over-the-Counter (OTC) Credit Card Processing
<b>AGENCY/DEPARTMENT:</b>	Department of Motor Vehicles (Pilot)
<b>FUNDING:</b>	2.5% convenience fee added to total transaction cost

**Changes**

This document has been updated since it was passed by the Web Portal Board. The agreement between DMV and VIC has changed slightly. The following changes have been accepted by both DMV and VIC.

- The fee as approved was 3%, this has been changed to 2.5%
- In original agreement VIC was supplying the card readers. Now DMV will be purchasing the readers.

**Service Overview**

VIC and the Department of Motor Vehicles (DMV) are requesting that the Joint Fiscal Committee approve a 2.5% convenience fee to allow for the implementation of a secure over-the-counter credit card payment option for DMV branch offices. In other words, a customer paying a \$60 fee will pay an additional \$1.50 for payment with his/her credit card.

Today the DMV accepts only cash and checks at its branches, which can be frustrating for many customers who would prefer to pay by credit card. VIC will supply the DMV with secure card swipers, and for each transaction an additional 2.5% will be added for payment with a credit card. The cost for the card swipers to the DMV will be \$100 per swiper, and it is anticipated that 125 swipers will be necessary for all six branch offices. VIC will also develop an online form for the DMV clerks to use that will integrate with the card swipers for customer service and reconciliation.

VIC will also create placards, informational posters, etc. at no cost to help market this convenient new payment option, and will provide training for branch clerks. Under this proposal there is no additional capital outlay and no incremental merchant fees to the DMV – the Department will get a credit card solution at no cost. It is expected that this solution will be piloted at the Montpelier DMV, and then expanded to serve other branches of the DMV.

**Service Financial Expectations**

**Revenue**

Adoption of this service is difficult to predict. Anecdotally we have seen this service launched in another NIC state with adoption of approximately 20%.

**Expenses**

VIC will pay all merchant fees associated with the transactions out of the 2.5% convenience fee. Average merchant fees are approximately 2% of the total transaction cost. VIC expects the OTC service will require a approximately four weeks of development, testing and training to make the system ready for implementation. VIC will continue to provide resources as required for maintenance and support on a going forward basis, and are hoping to be able to hire a .5 FTE customer service representative once the service goes live.

State of Vermont  
DEPARTMENT OF MOTOR VEHICLES  
120 State Street  
Montpelier, VT 05603-0001  
[www.dmv.vermont.gov](http://www.dmv.vermont.gov)

Agency of Transportation

[phone] 802.828.2000  
[fax] 802.828.2098  
[ttd] 800-253-0191

November 14, 2011

Governor Peter Shumlin  
109 State St  
Montpelier, Vt 05609-0101

Dear Governor:

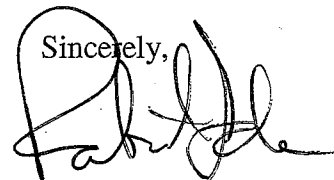
I am writing today regarding the implementation of a secure over-the-counter credit card payment option for the Department of Motor vehicle offices.

Today the DMV accepts credit/debit cards for transactions done over the Internet, but only accepts cash and checks for in-person transactions at our offices. In today's world the inability to accept what is the most common method of payment for many of our customers, can be extremely frustrating to them. Over the past few years the most consistent piece of negative feedback we've received, is our inability to accept credit cards.

In pursuing this initiative we were cognizant of the fact that processing credit card transactions comes with a cost. It has been our intent to implement this service without affecting the revenues we take in. One option was to raise the price on our services. However, we are sensitive to the fact that our primary fees have already been raised three times in the past decade and are at or near the top in many cases when compared to our fellow New England States. We also feel that there is only so much elasticity in terms of what one can charge for a registration, title or license fee and any fee increases should be targeted towards raising revenue to support our transportation infrastructure. Thus we have been working with VIC to implement this program to ensure that the cost of the service is not borne by the State but instead is paid for by those customers who wish to use it.

I wholeheartedly support this initiative and believe this will allow us to better serve the residents of the State of Vermont.

Sincerely,



Robert Ide  
Commissioner

RI/mas





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*Jeb Spaulding, Secretary*

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Jeb Spaulding, Secretary of Administration  
**DATE:** November 28, 2011  
**SUBJECT:** Department of Motor Vehicles (DMV) proposed fee structure for credit card payment processing related to branch office transactions.

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Respectfully Submitted,



Michael Clasen, Deputy Secretary  
Chairperson of the Web Portal Board

Approved



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Peter Shumlin, Governor of the State of Vermont

SERVICE NAME:	Over-the-Counter (OTC) Credit Card Processing
AGENCY/DEPARTMENT:	Department of Motor Vehicles (Pilot)
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Robert Ide  
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