

SENATE BILL REPORT

SB 5167

As of January 25, 2021

Title: An act relating to implementing cost recovery of state agency credit card and transaction fees and related costs for driver and vehicle fee transactions.

Brief Description: Implementing cost recovery of state agency credit card and transaction fees and related costs for driver and vehicle fee transactions.

Sponsors: Senators Hobbs, King, Saldaña and Wilson, C.; by request of Office of Financial Management.

Brief History:

Committee Activity: Transportation: 1/25/21.

Brief Summary of Bill

- Makes permanent provisions related to requiring credit card service fees to be charged for both in office and on-line vehicle and driver licensing activities by the Department of Licensing.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Bryon Moore (786-7726)

Background: State Credit Card Cost Recovery. In 2012, the state worked with credit card companies to begin the cost recovery of credit service fees. This program is known as the Government Service Fee Program. A variety of state agencies participate in this program, including the Department of Licensing (DOL).

As of June 30, 2019, this meant that DOL was charging service fees for credit card transactions in licensing service offices, vehicle/vessel licensing offices, prorated and fuel tax offices, and business and professions offices. For the most part, DOL was not charging service fees for on-line transactions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

2019-21 Transportation Budget. Funding was provided in 2019-21 transportation budget for the Office of Financial Management (OFM) to evaluate, coordinate, and assist in efforts by state agencies in developing cost recovery mechanisms for credit card and other financial transaction fees currently paid from state funds. OFM was also directed to provide a report to the Legislature on options to expand similar cost recovery mechanisms to other state agencies and programs, including Washington State Ferries. This report was submitted on October 30, 2019.

As part of this effort, OFM, with the assistance of DOL, was directed to develop implementation plans and take all necessary steps to ensure that credit card service fee cost recovery mechanisms were in place for the vehicles and drivers programs by January 1, 2020. This effectively meant that credit card service fees were being collected for in office and on-line vehicle and driver transactions. The 2019-21 transportation budget created the Agency Financial Transaction Account to receive the credit cost service fee recovery amounts and to offset state and some local government credit card service fees.

Unless reauthorized in subsequent law, the DOL credit card cost recovery provisions expire on June 30, 2021.

Summary of Bill: The changes requiring DOL to implement credit card service fee cost recovery mechanisms for vehicle and driver licensing transactions established in the 2019-21 transportation budget are made permanent.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: DOL has already implemented the credit card cost recovery mechanism. If the Legislature wants to continue this policy, this bill allows mechanism to continue in the future. It is best to do this in a permanent statute rather than a budget bill.

Persons Testifying: PRO: Senator Steve Hobbs, Prime Sponsor; Beau Perschbacher, Department of Licensing.

Persons Signed In To Testify But Not Testifying: No one.