

HOUSE BILL REPORT

HB 1115

As Reported by House Committee On:
Transportation

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: Representatives Fey, Wylie, Bronoske and Ramos; by request of Office of Financial Management.

Brief History:

Committee Activity:

Transportation: 1/26/21, 2/2/21 [DP].

Brief Summary of Bill

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

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 28 members: Representatives Fey, Chair; Wylie, 1st Vice Chair; Bronoske, 2nd Vice Chair; Ramos, 2nd Vice Chair; Barkis, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Volz, Assistant Ranking Minority Member; Berry, Chapman, Dent, Duerr, Entenman, Goehner, Hackney, Klicker, Lovick, McCaslin, Orcutt, Paul, Ramel, Riccelli, Slatter, Sutherland, Taylor, Valdez, Walsh and Wicks.

Staff: Christine Thomas (786-7142).

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.

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, the 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, the DOL did not charge service fees for online transactions.

2019-2021 Transportation Budget. Funding was provided in Chapter 416, Laws of 2019 (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. The 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, the OFM, with the assistance of the DOL, was directed to develop implementation plans and take all necessary steps to ensure that the actual 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 online vehicle and driver fee transactions. The 2019-21 Transportation Budget created the Agency Financial Transaction Account (AFTA) 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 appropriations acts, the DOL credit card cost recovery provisions and the AFTA expire on June 30, 2021.

Summary of Bill:

The changes requiring the DOL to implement credit card service fee cost recovery mechanisms for vehicle and driver licensing fee transactions established in the 2019-21 Transportation Budget are made permanent.

Appropriation: None.**Fiscal Note:** Available.**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2021.

Staff Summary of Public Testimony:

(In support) This policy was implemented in the 2019-21 Transportation Budget out of fairness for all other credit card users who pay fees for in-person services provided by the DOL. This ensures that costs are born by the users who take advantage of the convenience of using a credit card online. This recovers a fair amount of money and helps those budgets by not absorbing credit card costs based on decisions of credit card users. Online users still have an option to avoid service fees by using eCheck. If the policy is going to continue, it should be set in statute.

(Opposed) The bill is vague in what "related" costs are and it should be more specific with the related costs laid out. A notation on the website that there is a 3 percent service charge on top of your tab fees is concerning.

Persons Testifying: (In support) Representative Fey, prime sponsor; and Beau Perschbacher, Department of Licensing.

(Opposed) Jeff Pack.

Persons Signed In To Testify But Not Testifying: None.