MEMORANDUM # BFB-10-03

TO: Municipal and County Finance Officers

FROM: John A. Gallegos, Budget & Finance Bureau Chief
DFA, Local Government Division

DATE: March 29, 2010

SUBJECT: Credit Card and/or Electronic Transactions – Information Request

Section 6-10-1.2.A NMSA 1978 requires the Department of Finance and Administration (DFA) to approve the procedures on the terms and conditions of accepting payments by credit card or electronic transfer by local governing bodies. Additionally, this Section was amended in the 2010 Legislative Session as follows. Effective May 19, 2010, Section 6-10-1.2.B NMSA 1978 provides the local governing body an option to charge a “convenience fee” to cover the “exact” fees imposed by the financial institution for the cost of processing a credit card or electronic transfer transaction. Further, “the fee shall be charged to the person using a credit card or electronic transfer.” Finally, all local governments must receive approval of the Department of Finance and Administration (DFA) of their procedures for charging the convenience fee.

To assist the Local Government Division of DFA in the development of standards for local governing bodies to apply to the approval of local government’s credit card/electronic payment procedures, we are requesting the following information.

For counties and municipalities that may already be accepting payments by credit card or electronic transfer:

- Submit copies of ordinances, policies, procedures, resolutions, etc. to your assigned LGD Executive Budget Analyst for review.
- Include the financial institution’s name and the date this method of payment was implemented.
- Include the percentages or fees being charged by the financial institution and who is charged the fee.
- If the local governing body is charging in excess of the financial institution’s cost of processing a credit card or electronic transfer, please include the additional fee amounts and what they are being used for by the local government.
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- Include whether the taxpayer/consumer, local governing body, or both are paying these fees and what amounts. The requested information will assist the LGD to develop standards for local governing bodies to apply to your procedures requiring approval from DFA.

The LGD appreciates your assistance on this matter and respectfully requests this information to be submitted on or before April 23, 2010. If you have any questions or concerns please feel free to contact your assigned analyst.

cc: Rick Martinez, DFA Deputy Cabinet Secretary
    Sam Ojinaga, LGD Deputy Division Director
    Judith Amer, Esq., DFA Legal Counsel
    LGD Executive Budget Analysts