

## Senate Bill No. 1007

### CHAPTER 427

An act to amend Sections 6162 and 6163 of the Government Code, relating to state government.

[Approved by Governor October 1, 2001. Filed with Secretary of State October 2, 2001.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1007, Machado. State Payment Card Act.

(1) Existing law requires all state agencies, with limited exceptions, to accept payments made by credit card or payment device and authorizes the Director of General Services, or his or her designee, to negotiate and enter into contracts necessary to implement or facilitate the acceptance of credit cards. Existing law also authorizes the director to seek to negotiate master contracts or other contracts that allow the cost-effective acceptance of payment by credit card or payment device.

This bill would authorize the director to negotiate master contracts or other contracts in this regard, and would require the director, in consultation with the Director of e-Government, to take steps to encourage the adoption of standard payment policies and procedures for all state agencies. The bill would authorize a state agency to enter into an interagency agreement with another state agency for the purposes of establishing uniform policies and acquiring equipment to support payment by credit card or other payment device.

(2) Existing law generally requires all state agencies to accept payment made by means of a credit card or payment device, but permits the Director of General Services to grant an exemption from this requirement upon the request of a state agency if the agency makes specified findings.

This bill would, subject to these exemption provisions, require all state agencies to accept these means of payment. The bill would authorize the director to request that an exemption be renewed on a periodic basis and that the agency provide a plan for implementing the requirement that it accept payment by means of a credit card or other payment device.

*The people of the State of California do enact as follows:*

SECTION 1. Section 6162 of the Government Code is amended to read:

6162. (a) Except as provided in Section 6159, the Director of General Services, or his or her designee, may negotiate and enter into any contracts necessary to implement or facilitate the acceptance of credit cards or other payment devices by state agencies. The authority granted to the director pursuant to this section shall include the discretion to negotiate and agree to specific terms applicable to each state agency, including, but not limited to, the terms regarding any payment of fees to third parties for the acceptance of credit cards or other payment devices, types of payments, any limitations on amounts and limits of liabilities that would be eligible for payment by credit card or other payment device, and operational requirements.

(b) The director may negotiate master contracts or other contracts that allow the cost-effective acceptance of payment by credit card or other payment device. Additionally, the director or any state agency negotiating these contracts shall use its best efforts to minimize the financial impact of credit card or other payment device acceptance on the state agency, taxpayers, and the public who use its services.

(c) The director, in consultation with the Director of e-Government, shall take steps to encourage the adoption of standard payment policies and procedures for all state agencies. Furthermore, a state agency may enter into an interagency agreement with another state agency for the purposes of establishing uniform policies and acquiring equipment to support payment by credit card or other payment device.

SEC. 2. Section 6163 of the Government Code is amended to read:

6163. (a) (1) Except as provided in paragraphs (2) and (3), all state agencies shall accept payment made by means of a credit card or other payment device.

(2) (A) A state agency may request that the director grant an exemption from paragraph (1) if the agency determines that its acceptance of payments by credit card or other payment device would have any of the following results:

(i) It would not be cost-effective.

(ii) It would result in a net additional unfunded cost to the agency.

(iii) It would result in a shortfall of revenues to the State of California.

(B) A request made pursuant to this paragraph shall state the reasons for the agency's determination. The director may request additional information from the requesting agency, and shall approve or deny the exemption request within 60 days of the receipt of all relevant information from the agency. The director also may request that the exemption be renewed on a periodic basis, and that the agency provide a plan for implementing paragraph (1).

(C) In determining cost-effectiveness, an agency may consider more than one year. In determining the cost-effectiveness of accepting



payment by credit card and other payment devices, the state agency shall consider all factors relating to costs and savings associated with accepting credit cards and other payment devices. However, an agency may accept payment by credit card or other payment device notwithstanding the cost-effectiveness, if, upon the agency's analysis, the additional level of customer service offered by these payment methods outweighs cost considerations.

(D) "Costs" for the purposes of this subdivision shall include, but not be limited to, the following:

(i) Amounts paid to a third party for accepting the credit card or other payment device.

(ii) Equipment costs, including telephone and maintenance expenses.

(iii) Labor costs of the state agency related to processing payments made by a credit card or other payment device.

(E) "Savings" for the purposes of this subdivision shall include, but not be limited to, the following:

(i) The use of the float by the applicable state agency.

(ii) Reduction in bank fees that would be charged for payments made by cash and checks.

(iii) The costs of handling cash, labor savings, theft or pilferage, reduced storage, and security and transit of handling and holding cash.

(iv) The costs of handling checks.

(v) Dishonored check costs.

(vi) Decreased facility needs.

(vii) Increased collection of mandated payments.

(viii) Increased sales of discretionary goods and services.

(ix) Reduced paperwork.

(x) Fewer in-person transactions, especially with the use of voice response units and kiosks.

(3) Notwithstanding paragraph (1), a state agency shall not accept payment by credit card or other payment device if the state agency is unable to enter into the contracts on terms that are acceptable to the agency, or if the director acting on behalf of the agency is unable to enter into contracts on terms that are acceptable to the director and the agency, as are necessary to enable the agency to accept payment by credit card or other payment device.

(4) If the Franchise Tax Board does not accept payment by credit card or other payment device as a result of this subdivision, then the law regarding credit card payments in existence prior to the effective date of the legislation adding this chapter shall apply to the Franchise Tax Board.

(b) The director may establish procedures to delegate the authority granted under this chapter to other state agencies so that these agencies



may enter into contracts for accepting credit cards or other payment devices on behalf of the respective agency.

(c) For entities established under Article VI of the California Constitution, the authority of the director under this chapter shall rest with the administrative director of those entities.

(d) Any agency that intends to accept payment by credit card or other payment device pursuant to a master contract entered into by the director shall transmit a letter of intent so stating to the director.

