

MENOMINEE COUNTY BOARD OF COMMISSIONERS

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RESOLUTION 2021-18

MERCHANT SERVICES
ACCEPTANCE OF CREDIT AND DEBIT CARDS, AND OTHER
EFT PAYMENT TYPES, FOR PAYMENTS OF GOODS AND SERVICES
BY MENOMINEE COUNTY DEPARTMENTS

WHEREAS, Michigan Public Act 280 of 1995 authorizes the County Treasurer, jointly with the County Administrator, to accept payments by financial transaction devices such as credit card, debit card, echeck, and other electronic funds transfer (EFT) payment types. A payer desiring to pay by use of a financial transaction device shall bear the cost of processing the transaction, as outlined and agreed upon in the E-Services Agreement and Fee Schedule(s); and

WHEREAS, the Menominee County Treasurer has presented the County Board of Commissioners with the policy and procedures for Merchant Services, for use by Menominee County departments wishing to utilize this service for their customer/client; and

WHEREAS, the County Board of Commissioners has reviewed the policy and procedures for Merchant Services for use by Menominee County departments wishing to utilize this service for their customer/client; and

WHEREAS, the County Board of Commissioners having determined it is in the best interest of Menominee County, to assess a convenience fee to the customer to cover the transaction processing costs for the use of credit cards, debit cards, echeck and other EFT payment types; and

THEREFORE BE IT RESOLVED, that the Menominee County Board of Commissioners does hereby approve the policy and procedures for Merchant Services for all Menominee County departments that wish to utilize this service for their customer/client.

APPROVED this 13th day of July, 2021.

[Signature]
Lawrence Phelps, Chairman of the Board

[Signature]
Marc Kleiman, County Clerk

7/13/21
Date:

7/13/21
Date:

Gerald Piche Larry Phelps – Chairperson William Cech – Vice Chairperson Steven Gromala
Larry Johnson Jr. Nick Hanchek David Prestin Bernie Lang Larry Schei

**ACCEPTANCE OF CREDIT AND DEBIT CARDS, AND OTHER  
EFT PAYMENT TYPES, FOR PAYMENTS OF GOODS AND SERVICES  
BY MENOMINEE COUNTY DEPARTMENTS**

This policy applies to all County departments that accept credit or debit cards, or other electronic funds transfer (EFT) payment types, for payment of County goods or services.

Michigan PA 280 of 1995 provides that treasurers are responsible for determining the types of financial transaction devices that may be accepted.

Menominee County Resolution #2021-18 allows County departments to accept payments in an electronic format.

**1. County Treasurer Authorizes and Opens all Merchant Services contracts for acceptance of credit and debit card payments.**

The Board of County Commissioners passed Resolution #2021-18 to accept payment of County goods or services by credit card, debit card, or other EFT option. The County Treasurer must approve and open all merchant services contracts for all County departments so authorized.

**2. Departments Accept Electronic Payment Transactions subject to Convenience Fee**

The Board of County Commissioners passed Resolution #2021-18 to accept payment of County goods or services by credit card, debit card, or other EFT option, with the provision that County departments will charge the transaction's applicable convenience fee to the customer.

**3. Definitions**

- **a.** "Automated Clearing House" or "ACH": an association of depository institutions that process financial transactions electronically through the Federal Reserve Bank.
- **b.** "Business Application": a specific electronic service or line of business offered by a department, such as paying property taxes online or paying for a license or permit fee online.
- **c.** "Convenience Fee": a fee that is charged to a customer for the convenience of making an electronic payment. A convenience fee charged to a customer represents the cost of processing the transaction with the merchant provider (e.g. merchant fees, interchange fees).
- **d.** "Credit Card": a card indicating that the holder named on the card has obtained a revolving line of credit from the financial institution issuing the card up to a certain dollar amount valid to a specified date shown on the card.
- **e.** "Customer": a person or entity who is purchasing County goods, services, paying fees, fines, or taxes with a credit card, debit card, echeck, or other EFT payment type.

- **f.** "Debit Card": a card indicating that the holder named on the card has an open account in a financial institution shown on the card, that the holder named on the card is authorized to pay for purchases of goods and services so long as the account is valid, and the holder has adequate funds to cover the cost of goods or services at the time of the transaction.
- **g.** "Department": any department or office managed by an elected official or department head of any branch of Menominee County Government.
- **h.** "Electronic Check" or "echeck": an ACH debit that is initiated by the customer against an open account in a financial institution, to pay for purchases of goods or services, so long as the account is valid and has adequate funds to cover the cost of goods or services at the time of the transaction.
- **i.** "Electronic Funds Transfer" or "EFT": any financial transaction by which funds are transferred to the County through any type of electronic payment option or method. The electronic payment options include, but are not limited to: internet payment processing, point-of-sale payment processing, and IVR. The methods of payment include, but are not limited to: credit cards, debit cards, ACH debit processing, and wire transfers.
- **j.** "Electronic Payment Services": any service provided by a vendor who acts as an intermediary in processing an electronic payment, including, but not limited to: merchant banking services, credit card payment processing, ACH debit processing, and Internet payment gateway services. Depending on how contracts with third party vendors are established by the County Treasurer, electronic payment services may be coordinated by a single vendor or multiple vendors.
- **k.** "Electronic Payment Processing Protocol": the standard processes used by a department when accepting electronic payments from customers, including, but not limited to, contracts with financial services providers and business procedures.
- **l.** "Interactive Voice Response System" or "IVR": a system that allows users to pay for services over the telephone or other audio-signal using a credit card or debit card.
- **m.** "Internet Payment Gateway Service": a service provided by a vendor that directs an Internet payment transaction to the appropriate third-party payment processor who facilitates the transfer of funds from a specific financial institution.
- **n.** "Merchant Banking Service": a designated bank or banking service that receives the credit from an electronic payment.
- **o.** "Payment Vendor": a service provider who is involved with the electronic payment transaction, including, but not limited to; merchant bank, credit card issuer, credit card association, Internet payment gateway, ACH or credit card payment processor.
- **p.** "Personal Financial Information": the information provided by the customer in the course of completing a payment transaction with the County through an electronic transfer of funds, including, but not limited to; credit card number, debit card number or bank account number.
- **q.** "Point-of-Sale" or "POS": a payment option that performs a real-time payment authorization of a customer's account when the customer presents their card (or other payment method) in-person at the time of sale.
- **r.** "Transaction Fee": the same as "transaction cost" and refers to the cost incurred by a payment vendor for executing an electronic payment. If a department passes all or a portion of this transaction cost on to the customer, then the resulting fee to the customer is typically called a "convenience fee".

#### **4. Policies**

County departments may accept electronic payments for any service, purchase of goods or payment of fines, fees or taxes pursuant to Menominee County Resolution #2021-18 and Michigan PA 280 of 1995.

- **a.** A department receives approval from the County Treasurer, prior to offering any new electronic payment option to their customers.
- **b.** A department that accepts electronic payments must comply with the electronic payment processing protocol and procedural steps as set forth in these administrative policies and procedures.

#### **5. Electronic Payment Processing Protocol, Privacy and Data Security**

- **a.** The County Treasurer, with technical assistance and equipment, if necessary, from the County's IT department, shall establish and maintain the protocol for electronic payment processing, including, but not limited to, contracts for electronic payments, convenience fees, and standard business processes and procedures.
- **b.** No department shall store a customer's personal financial information in a database accessible to the public. If a department has a legal and justifiable business need to store personal financial information obtained from customers during an electronic payment transaction, the department is required to provide written procedures and policies for the safekeeping of such personal financial information. Such written procedures and policies shall include the names of County employees who will have access to such personal financial information. Such procedures and policies shall be forwarded to the County Treasurer for written approval before storing personal financial information in a database accessible to County employees.

#### **6. Contracts**

- **a.** The County Treasurer shall establish and administer contracts with vendors for the acceptance and processing of electronic payments, including, but not necessarily limited to: merchant banking services, Internet payment gateway services, and third-party electronic payment processors.
- **b.** No County department may enter into any vendor agreements for any electronic payment service without the written consent of the County Treasurer.
- **c.** The County Treasurer, through its establishment of contracts with payment vendors and banking partners, shall assist agencies in understanding contract requirements and the pricing structure of transaction fees.

#### **7. Convenience and Transaction Fees**

- **a.** A convenience fee greater than the cost of a payment vendor's transaction fee may be charged to the customer for an electronic payment.
- **b.** Convenience fees may be calculated to recover all of a payment vendor's transaction costs, as well as any additional direct costs borne by the department (e.g. expedited processing).
- **c.** Use of a convenience fee and the methodology used in calculating it must be approved by the County Treasurer prior to a department accepting electronic payments, and be in accordance with the contracts the County has established with its payment vendors.

## **8. Procedures**

- **a.** County departments will obtain information from the County Treasurer on its electronic payment processing protocol, contracts for electronic payments, transaction fee structure, and standard business processes and procedures.
- **b.** County departments will submit written request to the County Treasurer for electronic payment services.
  - Request will include information on department policy and procedures for acceptance of electronic payments.
  - If applicable, provide legal and justifiable business reasons to store personal financial information obtained from customers during an electronic payment transaction. This should include safekeeping procedures for storage of personal financial information and the names of County employees having access to the information.
- **c.** The County Treasurer will review department requests and provide approval or denial for electronic payment services.
- **d.** The County department will provide required information to the County Treasurer to set up accounts which may include, but is not limited to, the following:
  - Checking account for electronic payment credits.
  - Merchant bank account and credit card issuer accounts for credit card payment processing.
  - Internet payment processing and third-party payment processor accounts.