



FINANCE DEPARTMENT  
MUNICIPAL COLLECTOR'S DIVISION  
M E M O R A N D U M

**TO:** Bruce Walden, Chief Administrative Officer  
**FROM:** Ronald Eldridge, Comptroller  
**DATE:** March 25, 2002  
**RE:** Ordinance on Accepting Credit Cards

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Brief Description of the item

Change ordinance providing for the acceptance of credit cards for payment of any fine, fee, charge, tax or cost imposed by the City.

Identification of the Issues and any approvals required

1. Currently the ordinance providing for credit cards limits their use to the payment of fines only. The use of credit, debit and bank cards as a normal mode of payment has significantly increased over the past few years. For the City to provide up-to-date service to citizens and customers, we should accept credit/debit type cards as payment for all of our services.
2. The current ordinance specifies the name of the bank the City has contracted to process credit card payments. Changing the ordinance to permit the Comptroller to enter into agreements with financial institutions for credit card processing will allow the City to negotiate the best service costs.

Both changes require Council action.

Fiscal impact

The City's estimated cost for credit card processing fees for FY 2001/2002 is \$1500. These costs reflect payments received for parking fines and NTA fines only. It is expected that use of credit cards for all fees could increase processing fees by \$1500.

Recommendation

Although public convenience is the major benefit in accepting credit cards, the City will benefit from improved cash flow, reduction in overhead and improved financial security. Staff recommends approval of the attached ordinance.

ORDINANCE NO. 2002-04-035

AN ORDINANCE AMENDING THE AUTHORIZATION FOR THE  
ACCEPTANCE OF PAYMENT BY CREDIT CARD

WHEREAS, the City of Urbana, a home rule city, has determined that the matter of acceptance of payment of fines, fees, charges, taxes or costs owing to or collected by the City of Urbana by credit card, is a matter pertaining to the government and affairs of the City of Urbana;

WHEREAS, the **Local Government Acceptance of Credit Cards Act, 50 ILCS 345/1 et seq.**, provides state statutory authority for the payment of fines, fees, charges, taxes or costs owing to or collected by a unit of local government;

WHEREAS, this authorization is intended as a blend of the authority under the home rule powers of the City of Urbana and the powers granted to municipalities **under the Local Government Acceptance of Credit Cards Act;**

WHEREAS, on the **(date)th day of (month), 2002**, a public hearing was held by the Urbana City Council, which date was not sooner than ten (10) days nor later than thirty (30) days from the date of the publication of notice.

WHEREAS, the **Notice of Public Hearing stated that the Urbana City Council was considering the amendment of the City's authorization for the acceptance of payment by credit card to increase the maximum amounts permitted to be paid by that method and to grant the City Comptroller the power to negotiate and enter into agreements with banks providing credit card processing services to the City.**

NOW THEREFORE, BE IT ORDAINED BY THE URBANA CITY COUNCIL THAT:

Section 1 That the Urbana City Council finds that acceptance of credit card payments for ~~the authorized obligations~~ **any fine, fee, charge, tax or cost imposed by, owing to, or collected by or on behalf of the City of Urbana, as provided in the Local Government Acceptance of Credit Card Act and specified in the Notice of Public Hearing as set forth above,** is in the best interests of the City of Urbana and its citizens.

Section 2 And therefore, the Urbana City Council elects to accept credit card payments for ~~parking fines and~~ **any fine, fee, charge, tax or cost imposed by, owing to, or collected by or on**

behalf of the City of Urbana. ~~with a One Hundred Dollar (\$100.00) maximum per fine.~~ The term “credit card” shall include an instrument or device, used to obtain credit, money, goods or services, issued to the holder of the card, including major credit cards, bank cards, charge cards, debit cards, automated teller machine cards, secured credit cards, or smart cards.

Section 3 That the Urbana City Council ~~approves of the agreement with First of America— Illinois and Vitalehek Network, Inc.~~ authorizes the City Comptroller to enter into agreements with one or more financial institutions or other service providers to facilitate the acceptance and processing of credit card payments. Said agreements shall identify the specific services to be provided, the itemized fees, if any, to be charged, and the means to pay such fees, ~~a true copy of each such contract as attached hereto; the Comptroller is authorized to sign such contracts on behalf of the City.~~

Section 4 The Urbana City Council determines that any reduction in revenue resulting from any processing or discount fee charged ~~as set forth in the contract with First of America— Illinois~~ is nevertheless in the best interest of the City considering the improved governmental cash flow, the reduction in government overhead, ~~and~~ improved governmental financial security and the benefit of public convenience.

Section 5 The Comptroller is authorized to collect, in addition to the amount owed to the City, a fee to wholly or partly offset the amount of any processing fee incurred by the City from the credit card financial institution or service provider, provided that no such fee shall be imposed unless allowed under the operating rules and regulations of the credit card involved.

~~that does not exceed the lesser of Five Dollars (\$5.00) or five percent (5%) in connection with the payment of any fine, provided, however, the Comptroller is authorized to charge a minimum fee of One Dollar (\$1.00) with respect to any such transaction.~~ Said fees will also be subject to the following limitations set forth in the Local Government Acceptance of Credit Cards Act:

1. The fee may not exceed the lesser of Twenty Dollars (\$20.00) or Five Percent (5%) of the principal amount charged for any license, sticker, or permit.
2. The fee may not exceed the lesser of Five Dollars (\$5.00) or Five Percent (5%) for the payment of any fine.
3. The fee may not exceed the lesser of Forty Dollars (\$40.00) or Three Percent (3%) for the payment of any real estate or other tax.

~~And, provided further, however, that no such fee shall be imposed unless allowed under the operating rules and regulations of the credit card involved.~~

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

AYES:

NAYS:

PRESENT:

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Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

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Tod Satterthwaite, Mayor