

ADDITIONAL INFORMATION ON  
REVENUE COLLECTION OPTIONS  
CAN BE FOUND ON THE  
FOLLOWING WEBSITES:

**New York State  
Office of General Services  
(State Contract)**

[www.ogs.state.ny.us/  
purchase/SearchBrowse.asp](http://www.ogs.state.ny.us/purchase/SearchBrowse.asp)

**NYS Department of Taxation  
and Finance Electronic  
Transfer Value Program**

[www.tax.state.ny.us/evta/overview.htm](http://www.tax.state.ny.us/evta/overview.htm)

**Government Finance  
Officers Association  
Recommended Practices**

[www.gfoa.org/downloads/  
cashElectroniccommerceRP.pdf](http://www.gfoa.org/downloads/cashElectroniccommerceRP.pdf)

[www.gfoa.org/downloads/  
paymentconsolidation.pdf](http://www.gfoa.org/downloads/paymentconsolidation.pdf)

[www.gfoa.org/downloads/  
cash-acceptance-credit-cards.pdf](http://www.gfoa.org/downloads/cash-acceptance-credit-cards.pdf)



LOCAL GOVERNMENT  
FINANCIAL TOOLBOX

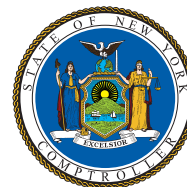
## Reviewing Your Revenue Collection Process

Local governments have a variety of revenue collection options that may help them lower costs and experience new efficiencies when collecting taxes and fees.

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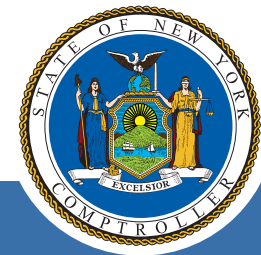


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An effective receipt collection system allows funds to flow as quickly as possible to local government bank accounts. It may also provide ways to enhance revenues by increasing collections, lower processing costs, and increasing interest earnings. As a local government official, you may wish to evaluate the costs and benefits of various revenue collection alternatives, using the following measures:

- Amount of time it takes to process a tax or fee payment
- Number of collections processed
- Cost per transaction
- Errors per 1000 transactions
- Customer satisfaction and convenience

### SOME REVENUE COLLECTION OPTIONS

A number of options, electronic and nonelectronic, are available for local governments to accept and process tax and fee payments. These include:

**Lock Box** – A lock box is set up by contract with a bank or trust company to process real property taxes, special assessments, and sewer and water user fee payments that are made by check or cash. Under the contract, the bank or trust company receives and processes the payments for the local government, decreasing municipal staff time needed.

If a local government opts to use a lockbox service, it must ensure that the service provider is properly performing those functions in accordance with statutory requirements, and that adequate internal controls are in place to safeguard sensitive and confidential data, protect the public's assets, and provide assurance that transactions are completely and accurately accounted for.

**Credit Card Payments** – General Municipal Law allows local governments to accept credit and debit card payments for, among other things, fees, fines, taxes or other charges. Credit cards are often accompanied by service fees. The law authorizes the governing board of a local government to opt to pass through the service fee to the cardholder; however, the amount of the service fee is limited to the amount of the costs incurred by the local government in connection with the credit card charge. Also, the contract must not violate the local government's procurement policies and procedures.

It is advisable to use a competitive process before entering into a contract. Some card issuers may be willing to reduce or eliminate their standard fees as a result of this competitive process. This eliminates potential disincentives for credit card use.

**Online Payments** – Local governments are authorized to accept payments of penalties, rent, rates, taxes, fees, interest or other charges online. However, the website cannot be the sole method of payment. Since the law does not indicate the manner in which payments are to be made on the local government's website, local governments have discretion to determine the manner in which payments will be accepted, such as by credit card or electronic funds transfer.

Local governments providing online payment capabilities are required to comply with certain provisions of the State Technology Law and related regulations, and must authenticate the identity of the sender and ensure the security of the information transmitted. Also, local governments that accept payments of taxes on a municipal website must provide a confirmation page, which includes the transaction date and a notice to the taxpayer to print out and retain the confirmation page as a receipt.

Online payments may result in increased collections of certain charges, such as payment of real property taxes by individuals who live outside of the area.

**Electronic Value Transfer Program (EVT)**– Local entities in New York may implement electronic payments through State contract, as part of the Electronic Value Transfer Program (EVT). Administered by the State Department of Taxation and Finance, EVT allows authorized users – including local governments – to accept card-based and non-card based transactions on-site and via numerous communication systems, such as the Internet and Interactive Voice Response Systems. Several nationally recognized credit and charge cards, debit cards, and Automated Clearing House credit and debit transactions are included in the contract.

Local governments should review their local laws to ensure there are no barriers to accepting credit cards or other forms of EVT payments.

EVT contracts are currently being used by local governments and BOCES for collecting taxes, tuition, recreation fees, parking passes, utility payments and Justice Court fees. More information on this program can be found on the EVT website at [www.tax.state.ny.us/evta/overview.htm](http://www.tax.state.ny.us/evta/overview.htm)