

HOUSE RESEARCH

Bill Summary

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Overview

This bill allows cities and counties to make and accept payments by various means such as with credit cards and electronic funds transfers. The legislature gave Hennepin county similar authority in 2000 (see below). It also permits a city or town council to authorize the use of a credit card by a city or town officer or employee to make purchases, the same as authority given to all counties in 2000 (and the same as authority given to cities in H.F. 871 passed by this committee this session).

Section

- 1 **Itemization; declaration.** Allows claims to be made in an electronic transaction record as well as in writing.
- 2 **City and county obligations and payments.**
 - Subd. 1. Payment methods.** Permits cities and counties to pay obligations by warrant, check, or all forms of electronic or wire funds transfer. Permits cities and counties to make investments by electronic or wire funds transfer.
 - Subd. 2. Authority to accept payment by credit card or other methods.** Permits cities and counties to accept payment by credit card, debit card, or all forms of electronic or wire funds transfer. Permits a city or county to add a service charge to the amount due for accepting payment by one of these methods. Requires the city or county to adopt policies and procedures to accept payment by these methods. Provides that payment of property taxes by credit card is subject to section 276.02 (see below).
 - Subd. 3. Electronic approval.** Defines "electronic approval" and permits a city or county to use electronic approvals to authenticate and validate a city or county administrative action. Requires the city or county to adopt policies and procedures to ensure validity of electronic approvals.
- 3 **Credit cards.** Permits a city council or town board to authorize the use of a credit card by an officer or employee when making purchases on behalf of the city or town. It provides for the

officer or employee to be personally liable for the amount of unauthorized purchases. All laws and policies applicable to city or town purchasing apply to purchases made with a credit card. The 2000 Legislature provided for the same authority for counties. See Minn. Stat. § 375.171.

4 **Effective date.** Section 3 is effective the day after enactment.

Background

Minnesota Statutes, section 276.02, provides in relevant part:

"The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section 272.31 is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section 272.31 to enforce the lien in its favor."

The law enacted for Hennepin County in 2000, Minnesota Statutes, section 383B.116, subs. 2 and 6, and sections 383B.1161 and 383.1162, provides:

"Subd. 2. Payment methods. Payments of claims and obligations of the county may be made by warrant, check, or all forms of electronic or wire funds transfer. Section 471.38 does not apply to any claim for which payment is made by electronic or wire funds transfer. Where the county is authorized by law to make investments, the county may make electronic or wire transfers of funds notwithstanding any other law to the contrary.

Subd. 6. May take credit, debit card or funds transfer. The county may accept payment by use of a credit card, debit card, or all forms of electronic or wire funds transfer. Subject to any other law to the contrary, the county may add to the amount due a service charge for the acceptance of a payment method authorized in this subdivision. The county shall adopt policies and procedures regarding the payments.

383B.1161 ELECTRONIC APPROVALS.

"Electronic approval" means any electronic identifier intended by the person making, executing, or adopting it to authenticate and validate a county administrative action. Notwithstanding any other general or special law to the contrary, the county may use electronic approvals. The electronic approval has the same validity and consequences as the actual signing by the person. The county shall establish policies and procedures to ensure the validity of electronic approvals.

383B.1162 CREDIT CARDS.

The county may allow officials, officers, and employees of the county to incur charges for county purposes by use of county credit cards. The county shall adopt policies and procedures regarding such credit card usage to establish individual accountability."