

E-Filing Authority Fee/Budget Overview

Issue – The cost to process credit card payments for E-Filing Authority (Authority) transactions has increased significantly. As a result of the increase, the current year’s financials are reflecting a loss and our draft projected budget for 2025-2026 reflects a potential loss of \$800,000. Without changes to pricing, it is likely for the Authority may realize recurring losses that place future operations at risk.

Pricing Background – During the 2015-2016 fiscal year (FY), the fee to pay electronically with the Authority was \$3 for ACH transactions and 3% for credit card transactions. At this time, the Authority was only accepting credit card payments from American Express and Mastercard. The fees were not sufficient to sustain operations for the Authority. The Board voted in June of 2016 to increase the fee to \$5 for ACH transactions and 3.5% for credit card transactions. In addition, the Authority added Visa credit cards as a method of payment.

Transaction History – In FY 2015-2016, 61% of payment volume was transacted via ACH and 39% was transacted via credit cards. In FY 2024-2025, 31% of payment volume has been transacted via ACH and 69% has been transacted via credit cards. See sample of years below.

Payment Method	FY 15-16	FY 18-19	FY 19-20	FY 20-21	FY 23-24	24-25 YTD
Credit Cards	346,340	539,047	586,669	821,182	1,155,753	871,680
ACH	536,510	654,434	592,311	644,415	723,150	382,973
TOTAL	882,850	1,193,481	1,178,980	1,465,597	1,878,903	1,254,653
ACH SHARE	60.77%	54.83%	50.24%	43.97%	38.49%	30.52%
CC SHARE	39.23%	45.17%	49.76%	56.03%	61.51%	69.48%

During FY 2022-2023, 41 % of credit card payments were made with Visa/MC. During FY 2024-2025, 51% of credit card payments have been paid with Visa credit cards.

Payment Option	FY 22-23	FY 23-24	July24 - Jan25
Amex Payment	736,495	638,749	373,178
Visa/MC Payment	521,408	519,033	385,660
Total Payments	1,257,903	1,157,782	758,838
Amex % of Payments	59%	55%	49%
Visa/MC % of Payments	41%	45%	51%

Financial Impact – The financial impact from increased credit card usage has a dynamic impact on the Authority Financials.

- The average cost of processing a credit card has risen as Visa Corporate credit cards are becoming a primary method of payment. In 2015-2016 (pre-Visa), the average cost to process a credit card payment was 1.93%. In 2024-2025, the average cost to process a credit card payment is 2.70%.
 - In FY 2025, the average cost to process an American Express card is 2.25% and the average cost to process a Visa card is 2.96%.
 - The following displays the interchange rates for the most frequently used payment methods for Visa and Mastercard:
 - a) **Visa Commercial Business Fleet:** 2.95% + \$0.10 per transaction
 - b) **Visa Purchasing Card:** 2.70% + \$0.10 per transaction
 - c) **Visa Business Tier 5:** 3.00% + \$0.10 per transaction
 - d) **Visa Business Tier 4:** 2.95% + \$0.10 per transaction
 - e) **Mastercard Purchasing Card:** 2.70% + \$0.10 per transaction

Expenses – Processing expenses for card payments have increased from \$1.814 million in FY 2015-2016 to an expected \$5.875 million in FY 2024-2025. An increase of 224%.

Financial Projections – If the cost of accepting payments is left unchanged, and credit card payment volume continues to grow, it is projected that the Authority could experience a budget deficit of up to \$800,000 in FY 2025-2026.

Options for Consideration

- **Option 1** - Leave fees as is and use reserves to cover a shortage in operating costs.
 - Estimated loss of \$800,000.
- **Option 2** - Increase the fee for credit cards to 3.95% and leave ACH filings at \$5.
 - Estimated operating profit to fund reserves of \$190,000.
- **Option 3** - Increase fees for credit cards to 3.95% and reduce the ACH fee to \$4 to encourage increased usage of ACH payments.
 - Without a change in consumer behavior, we estimate an operating loss of \$360,000
- **Option 3a** – Increase fees for credit cards to 3.95% and reduce the ACH fee to \$4 to encourage increased usage of ACH payments.
 - It is estimated that a 32% increase in ACH payments and a 13% reduction in credit card payments would be required to cover Authority operating costs.