

## E-Filing Authority Convenience Fee Review

### E-Filing Authority Operational Status

Civitek, who serves as the vending service company for the E-Filing Authority (Authority), currently charges a convenience fee at the time of filing of 3.5% for credit card payments and a flat \$5 for ACH payments. The convenience fee collected is exclusively used for the operation and maintenance of the E-Filing Portal and the costs associated with processing the payments for filing fees. No other charge is assessed by Civitek or the Authority for the use of the E-Filing Portal.

### Revenue Shortfall

Due to an increase in the volume of credit card payments and in interchange fees charged by card brands for processing payments on corporate credit cards, the Authority is required to evaluate increasing its convenience fees or risk operating at an annual loss.

The projections for fiscal year 2024-2025 indicate the Authority will operate at a loss of up to \$850k. Without an increase in fees, it is estimated that the Authority would operate at a loss that exceeds \$975k in the 2025-2026 fiscal year.

### Budget and Fee Review

During an April Board meeting, Authority administrative personnel presented proposed budget options, which displayed the likely operating results based upon different convenience fee charges. The fee model which gained support from Board members was a model which charges a convenience fee of 3.95% for online credit card payments and \$5 for ACH payments. This model is projected to produce a minimal operating profit of \$140k, which would be used to replenish reserves for prior year losses.

### Rate Approval

Per the terms of the E-Filing Authority supplemental agreement, the convenience fee charged by the vending service company is required to be approved by the Authority Board as a fair market rate.

### Convenience Fee Market Information

A search for market competitors shows a variety of programs in the market offered by private companies and by states. The fees established by each state or other jurisdictions are wildly

disparate. The fees can include convenience fees based upon a percentage of the filing fee, a fee for filing, or both convenience fees and a fee per filing.

In Arizona, you could expect to be charged \$6.50 for new case submissions, \$6.50 for the lead document in an existing case, \$3.80 for electronic service, \$6.50 for a document delivered to the Arizona Supreme Court, and a payment processing fee of 3%.

In Texas, you could expect to pay a convenience fee of 3.5% plus a service fee for filing with the provider of your choice. This fee will vary based on the provider.

In Florida, in government offices throughout the state, it is common for credit card charges to start at a convenience fee of 3% to 3.5% of the fine amount for payments made in person. It is also common for the convenience fee to escalate based on the payment method chosen. For payments made exclusively online or at home over the phone, convenience fees/service fees can escalate to 5% of the fine amount. The fee escalation to 5% is charged to assist vendors in operating and maintaining the website and for the cost of integrating with government systems.

### **Budget Request and Fee increase**

The proposed fee of 3.95% for credit cards and \$5 for ACH transactions is the model before the Board for approval. This model will eliminate year over year operating losses and will help maintain sufficient reserves to ensure the operations of the E-Filing Portal are sustainable.