

# Online Payments – Self Reported Taxes

Kay Nees  
Finance Director  
City of Champaign

Jennifer Johnson  
Administrative Services Supervisor  
City of Champaign

IGFOA ANNUAL CONFERENCE • SEPTEMBER 8–10, 2019



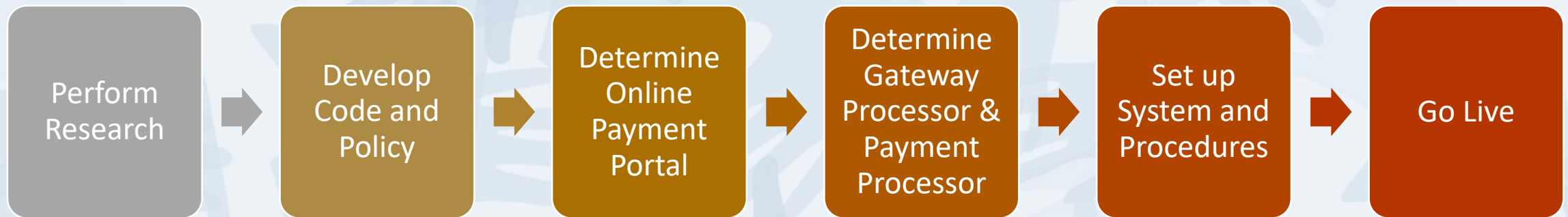
# Online Self Reported Taxes Challenges

- Large variances in the amount of taxes being paid

Type of Tax	Avg # Remittances/ month	Est Median Payment	Est Fee per Transaction
Food & Beverage Tax	333	\$ 173	\$ 5
Local Motor Fuel Tax	25	\$ 4,200	\$ 126
Hotel Motel Tax	27	\$ 8,900	\$ 267

- Large dollar transactions make credit card acceptance costly
  - Estimated cost of \$274,000 if all payees were to pay online with Credit Card
  - Estimated cost of \$69,000 if 25% of payee's were to pay online with Credit Card
- Amount of taxes owed is unknown until tax return is filed

# Process for Accepting Payments Online



# Local Government Acceptance of Credit Card Act



**Does not preempt  
Home Rule  
Authority**



**50 ILCS 345 -  
Regulates  
acceptance of  
credit cards and  
credit card fees**



**Governing Body has  
authority over the  
manner of  
accepting payments**



**In order to accept credit card  
payments under this act, the  
local government must:**

Hold a public hearing not  
sooner than 10 nor later  
than 30 days following  
public notice of the hearing  
Have the Governing Body  
make a decision (ordinance  
or resolution)

# Local Government Acceptance of Credit Card Act - Continued



You can enter into an agreement with credit card processors



You can pay a fee to credit card processors



You can elect to absorb the fee



You can have cardholders pay a fee or surcharge

# Local Government Acceptance of Credit Card Act – Surcharges/Convenience Fees

In order to charge a surcharge or convenience fee you must follow these rules:

- Surcharge or Fee cannot exceed the amount of the discount or processing fee charged to the local government
- Unless the credit card processors were selected by competitive bids and in accordance with the Illinois Procurement Code and the fees are fully disclosed, then the following caps on fees would apply:
  - Lesser of \$20 or 5% for Licenses, stickers or permits
  - Lesser of \$5 or 5% for Fines
  - Lesser of \$40 or 3% for Real Estate or Other Taxes

# Varying Fee Structures

- Already accepting online payments for:

	Absorb Online Credit Card Fees	Pass Along Online Credit Card Fees
Ordinance Violation Fees	✓	
Parking Tickets	✓	
Mobile Meter		✓

- Possibly accept online payments in the future for self reported taxes, licenses, permits and other fees.



# When to Charge a Fee?

## Questions to ask in determining when to charge a fee:

- Is there a significant expense for processing the online payment, either as a percentage of the transaction or as a total cost? If so, consider a convenience fee.
- Is paying by credit card primarily a benefit to the City, such as reduced processing time or increased collections? Or is it a benefit to the payee? If solely a benefit to the payee, consider a convenience fee.
- Is there an alternative no fee payment option available?
- Are there any software limitations to take into account?



# Development of Code & Policy



Build in flexibility to allow for varying fee structures and future payment types (Apple Pay, Venmo, etc.)



Set boundaries that your Governing Body and management are comfortable with



Our solution: Capture key points in Municipal Code, but have a detailed policy that can be updated annually

# Champaign's Code Language

“The City may accept credit cards as a method of payment for transactions. The City may also charge a convenience fee for online credit card transactions. The convenience fee will not exceed the amount charged to the City by its third-party vendors for the processing of the transaction. The City will only charge a convenience fee for online credit card payments if other payment options are available that do not charge a fee. The City Manager may establish additional policies and procedures consistent with this section and the most current adopted financial policies regarding online credit card transactions.”

# Summary of Champaign's Policy

- Standard position is to pass along a convenience fee
- City Manager can grant an exemption to passing along a convenience fee. The criteria to be considered in determining the exemption are:
  - Whether other payment options (for example, e-check or pay in person) are available that do not charge a fee;
  - The cost to the City of processing the online payment;
  - Software requirements;
  - The benefit to the City of processing payments online, and the City's interest in incentivizing online payments.
- Include a chart that we update regularly of the types of payments being processed online and whether we absorb the costs or pass along a fee.

# Credit Card Rules and Regulations



**All credit card companies have them, but Visa's is most stringent**



**Requirements to charge a fee are lengthy and complicated**



**Depending on structure, the fee can be considered a service fee, surcharge fee or convenience fee**

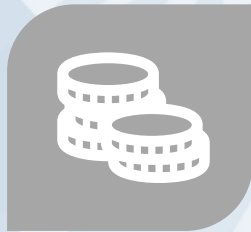


**Work with your Merchant Card services provider to determine which type of fee is best and that all requirements are met**

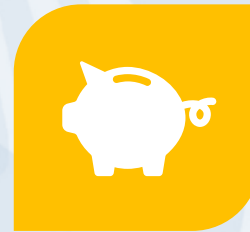
# ACH Payment Option



**IN ADDITION TO CREDIT  
CARD PROCESSING,  
CONSIDER OFFERING AN  
ACH (OR E-CHECK)  
OPTION**



**LOW COST –  
CHAMPAIGN'S IS A  
FLAT \$.50 PER  
TRANSACTION**

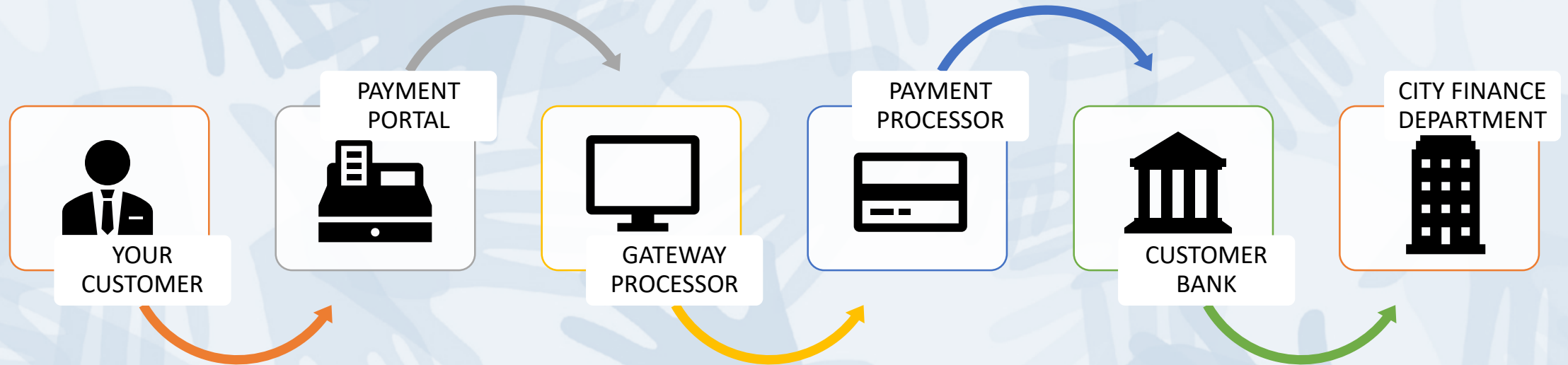


**DUE TO LOW COST,  
EASIER TO ABSORB  
FEES**



**ALLOWS FOR A NO  
FEE ONLINE  
PAYMENT OPTION**

# Behind The Scenes





# The Mechanics of Online Payments

- Backend Coordination
  - Online Payment Portal / Software
  - Merchant Card Services
  - Gateway Processor
  - Other Players





# Select Software / Online Payment Portal



Research Software providers



Goal: find software that will allow for entering sales data, calculating tax due, collecting payments and provide real time integration to general ledger



Find out what other communities are doing



Be Creative

# Merchant Card Services

A **Merchant Card Services** account enables you to accept credit/debit card payments via the Internet

- Use existing Merchant Card Services
- Select as part of implementation process
- Analyze Fees

# Gateway Processor

E-commerce service provider that authorizes credit card and other types of online payments

- Provides security – encrypts data and sends to processor
- Required to process payments
- Relatively small cost involved



# Working Together with all “Players”

Determine online payment “players” prior to or early in implementation

Optimal to select gateway processor and merchant processor at same time

Hybrid approach might be only option

# Online Payment Progress – Champaign

City has almost  
400 Self Reported  
Taxpayers

Implemented  
Online Payments  
January 2019

18% of Businesses  
paid online the 1<sup>st</sup>  
month

Since inception it's  
climbed to 30%  
participation

On average only  
3% pay by Credit  
Card

Annual  
correspondence to  
encourage  
enrollment

# Requirements to File on Citizen Self Service



An active business account in software program








A registered username and password to log into CSS (this is user chosen)



Business account(s) linked to the user's login

# Citizen Self Service (CSS) Homepage





**Citizen Self Service**

Self Reported Taxes / Licenses

**Welcome to Citizen Self Service**


**Announcements**


Welcome to the City of Champaign Citizen Self Service portal. We are excited to offer a convenient way for self-reported taxpayers to pay online! For instructions on navigating the portal, please click the "Resources menu" option on the top right corner of the page and select "CSS Instructions." If you have not yet received your business account ID from the Finance Department, please call 217-403-8940 to receive your business account information.

**Profile Information**

Profile information not found.


**Self Reported Taxes / Licenses Accounts**

 CINDERELLA'S TEA HOUSE (485)

 SLEEPING BEAUTY SUITES (486)



# Expand Tax Account



(0)

?

**Citizen Self Service**

Self Reported Taxes / Licenses

**Welcome to Citizen Self Service**

**Announcements**

Welcome to the City of Champaign Citizen Self Service portal. We are excited to offer a convenient way for self-reported taxpayers to pay online! For instructions on navigating the portal, please click the "Resources menu" option on the top right corner of the page and select "CSS Instructions." If you have not yet received your business account ID from the Finance Department, please call 217-403-8940 to receive your business account information.

**Profile Information**


Profile information not found.

**Self Reported Taxes / Licenses Accounts**

CINDERELLA'S TEA HOUSE (485)

Cycle/Month/Year	Category	Type	<a href="#">Enter Filing</a>   <a href="#">New License</a> Bill
F&B, 2 2018	F&B		<a href="#">View Bill</a>
F&B, 3 2018	F&B		<a href="#">View Bill</a>
F&B, 4 2018	F&B		<a href="#">View Bill</a>

# Select the Tax Account



(0)

?

Citizen Self Service

**Self Reported Taxes / Licenses**

Account Details

Owner Information

**Filing**

Contact Us

**Self Reported Taxes / Licenses**

**Filing - License/Tax Selection**

Account ID485

DBA NameCINDERELLA'S TEA HOUSE

Please select a record to access the filing history

<a href="#">Category</a>	<a href="#">Type</a>	<a href="#">Reference</a>	<a href="#">Renewal Cycle</a>	Select
FINANCE LICENSES	MOBILE FOOD TRUCK	616	MAY 1 - APRIL 30	<a href="#">select</a>
FOOD AND BEVERAGE TAX		515	FOOD & BEV MONTHLY	<a href="#">select</a>

# Select the Filing Period



Citizen Self Service

## Self Reported Taxes / Licenses

Account Details

Owner Information

Filing

Contact Us

### Self Reported Taxes / Licenses

#### Filing - Date Selection

Account ID 485

DBA Name CINDERELLA'S TEA HOUSE

Category FOOD AND BEVERAGE TAX

Renewal Cycle FOOD & BEV MONTHLY

To continue, please select a period that has not been filed or is late from the list below

<u>Year</u>	<u>Month</u>	<u>Status</u>	<u>Due Date</u>	<u>Total</u>	<u>Balance</u>	<u>Filing</u>
2019	6	NOT DUE	7/20/2019	0.00	0.00	<a href="#">Enter Filing</a>
2019	5	NOT DUE	6/20/2019	0.00	0.00	<a href="#">Enter Filing</a>
2019	4	FILED	5/20/2019	0.62	0.62	
2019	3	LATE	4/20/2019	0.00	0.00	<a href="#">Enter Filing</a>
2019	2	LATE	3/20/2019	0.00	0.00	<a href="#">Enter Filing</a>
2019	1	LATE	2/20/2019	0.00	0.00	<a href="#">Enter Filing</a>
2018	12	LATE	1/20/2019	0.00	0.00	<a href="#">Enter Filing</a>
2018	11	LATE	12/20/2018	0.00	0.00	<a href="#">Enter Filing</a>

# Enter the Filing



Citizen Self Service

## Self Reported Taxes / Licenses

Account Details

Owner Information

**Filing**

Contact Us

### Self Reported Taxes / Licenses

#### Filing Amounts

Account ID	485
DBA Name	CINDERELLA'S TEA HOUSE
Category	FOOD AND BEVERAGE TAX
Renewal Cycle	FOOD & BEV MONTHLY
Month	3
Year	2019


#### FOOD & BEVERAGE TAX (F&B)

Gross Receipts	\$	<input type="text" value="0.00"/>
Deductions	\$	<input type="text" value="0.00"/>

Cancel

Continue

# Review / Revise the Filing



(0)

?

Citizen Self Service

Self Reported Taxes / Licenses

Account Details

Owner Information

Filing

Contact Us

**Self Reported Taxes / Licenses**  
**Filing Amounts**

Review

Please review that the information is correct before submitting.

[Revise this filing](#)

Account ID	485
DBA Name	CINDERELLA'S TEA HOUSE
Category	FOOD AND BEVERAGE TAX
Renewal Cycle	FOOD & BEV MONTHLY
Month	3
Year	2019

**FOOD & BEVERAGE TAX F&B Actual**


Gross Receipts	100.00
Deductions	0.00
Taxable Sales	100.00
Calculated Amount	0.50
Net Due	0.50

**Penalties**

Penalty Description	Penalty Amount	Penalty Interest
FOOD & BEV TAX PENALTY	0.01	0.00

Summary

# Submit Filing



(0)

Citizen Self Service

Self Reported Taxes / Licenses

Account Details

Owner Information

Filing

Contact Us

Month3

Year2019

FOOD & BEVERAGE TAX F&B Actual

Gross Receipts	100.00
Deductions	0.00
Taxable Sales	100.00
Calculated Amount	0.50
Net Due	0.50

Penalties

Penalty Description	Penalty Amount	Penalty Interest
FOOD & BEV TAX PENALTY	0.01	0.00

Summary

Calculated Amount due on this filing:	0.50
Discounts on this filing:	0.00
Penalty on this filing:	0.01
Total due:	0.51

\*\*The amount due shown does not include any potential interest that may be added for late filings.

Check the following box to signify acknowledgement

☐ I hereby acknowledge that the information I am about to submit is 100% accurate. I understand that if I am applying for a license, one cannot be issued if required documents are not included, or if a shortage or missing payments exist on my account.

Cancel

Submit Filing

©2019 Tyler Technologies, Inc. [Help/Feedback](#)

ACHIEVING  
EXCELLENCE  
*Together* 2019

IGFOA ANNUAL CONFERENCE • SEPTEMBER 8–10, 2019

# Select Payment Type



[Home](#)

[Citizen Self Service](#)

[Self Reported Taxes / Licenses](#)

## Pay Bills

[Return to home page](#)

### Select Payment Method

The City of Champaign accepts credit and debit card payments for American Express, Discover, Master Card, and Visa. There is a 3% convenience fee for processing the payments. This fee is to cover the costs of the credit card transaction. The City of Champaign also accepts payments via eCheck at no charge to the customer. Payments are processed immediately upon submission.

[Pay by Credit Card](#) | [Pay by eCheck](#) | [Cancel](#)



# Submit Payment

BILLING INFORMATION

Time left: 9 minutes, and 52 seconds

(Must match the billing address for your credit card)

Name:

WICKED STEPMOTHER CORP.

Address:

1905 W SPRINGFIELD AVE

Address:

City:

CHAMPAIGN

State / Zip:

Illinois / 61820


Phone:

Email:

Total:

.13

PAYMENT INFORMATION



Payment Method:

Electronic Check


Routing #:

Account #:

Check Type:

Account Type:


☐ I'm not a robot


  
reCAPTCHA  
Privacy - Terms

MAKE PAYMENT

CLEAR FORM

CANCEL

  
2019-05-16  
ABOUT SSL CERTIFICATES



# Your Filing and Payment are Complete



Payments are settled by the gateway processor at the end of the day



Payment batch can be imported daily



Online filings can be viewed the moment they are submitted in CSS.  
Payments can be viewed in software once imported.

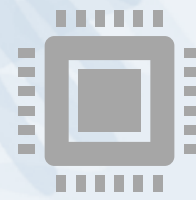
# Reporting Options



## Software Reports



## CUBES Reports



## Processor Reports

Gateway Processor

Merchant Card Processor

E-Check Processor

# F&B Reporting by Area – Taxes Collected

Tax Amount	Column Labels <span>▼</span>							
Row Labels <span>▼</span>	1	2	3	4	5	6	7	Grand Total
[-] F&B - FOOD & BEVERAGE TAX								
+ CAMPUSTOWN	20,306.01	25,815.01	26,131.36	31,448.06	20,521.01	10,821.24	2,115.58	137,158.27
+ DOWNTOWN	14,701.25	16,180.33	17,534.68	19,784.79	19,865.10	16,321.67	632.37	105,020.19
+ MARKETPLACE	8,198.04	9,259.58	10,950.02	9,480.72	10,047.19	9,231.59	879.27	58,046.41
+ MATTIS AVENUE	14,484.33	15,716.35	18,190.01	17,128.29	18,516.50	17,436.17	4,358.40	105,830.05
+ MIDTOWN	1,647.26	2,058.98	2,016.41	2,162.32	2,190.79	1,320.73		11,396.49
+ MOBILE VENDOR	330.25	299.82	342.68	339.08	433.42	404.66	81.69	2,231.60
+ NORTH PROSPECT	19,928.46	21,858.99	25,390.48	23,259.73	23,204.77	22,316.31	832.50	136,791.24
+ SOUTH I 74	6,257.98	6,830.87	7,903.68	7,717.45	8,143.66	7,028.83	1,756.30	45,638.77
+ SOUTH NEIL	14,725.68	17,033.45	18,782.56	18,401.76	18,886.18	16,358.04	2,456.27	106,643.94
+ SOUTH RESEARCH PARK	1,671.13	1,905.90	2,003.25	2,121.28	2,189.40	1,848.44		11,739.40
+ SOUTHWEST CHAMPAIGN	564.10	708.77	1,173.14	1,417.04	1,667.06	1,334.95	617.21	7,482.27
+ UNKNOWN	62.54	86.76	77.82	205.34	618.02	390.21	3.50	1,444.19
+ WINDSOR ROAD	4,639.99	4,970.20	5,738.82	5,644.63	6,202.29	5,429.07	248.10	32,873.10
Grand Total	108,415.22	123,780.51	137,316.54	140,576.38	134,154.41	112,159.75	13,981.19	770,384.00



# F&B Reporting by Area – Taxable Amounts

Taxable Amount	Column Labels <input type="button" value="v"/>							
Row Labels <input type="button" value="v"/>	1	2	3	4	5	6	7	Grand Total
[-] F&B - FOOD & BEVERAGE TAX								
+ CAMPUSTOWN	4,061,172.29	5,162,974.19	5,226,250.11	6,289,587.35	4,104,171.53	2,164,224.88	423,113.28	27,431,493.63
+ DOWNTOWN	2,940,226.15	3,236,044.24	3,506,914.37	3,956,938.59	3,973,002.91	3,264,311.50	126,472.15	21,003,909.91
+ MARKETPLACE	1,639,605.81	1,851,912.81	2,190,001.42	1,896,137.99	2,009,433.83	1,846,315.21	175,852.75	11,609,259.82
+ MATTIS AVENUE	2,896,855.03	3,143,256.31	3,637,985.80	3,425,649.04	3,703,287.49	3,487,219.65	871,678.63	21,165,931.95
+ MIDTOWN	329,446.54	411,789.16	403,279.05	432,461.89	438,155.58	264,143.61		2,279,275.83
+ MOBILE VENDOR	66,042.88	59,962.21	68,534.20	67,811.15	86,678.98	80,928.22	16,337.00	446,294.64
+ NORTH PROSPECT	3,985,687.59	4,371,795.20	5,078,087.39	4,651,940.45	4,640,946.69	4,463,252.38	166,498.78	27,358,208.48
+ SOUTH I 74	1,251,587.20	1,366,160.48	1,580,726.41	1,543,478.55	1,628,727.92	1,405,756.42	351,258.64	9,127,695.62
+ SOUTH NEIL	2,945,127.28	3,406,676.14	3,756,503.09	3,680,341.83	3,777,229.05	3,271,596.41	491,252.91	21,328,726.71
+ SOUTH RESEARCH PARK	334,225.25	381,178.08	400,649.72	424,255.99	437,879.95	369,686.41		2,347,875.40
+ SOUTHWEST CHAMPAIGN	112,818.05	141,752.62	234,628.15	283,406.27	333,410.35	266,990.33	123,442.00	1,496,447.77
+ UNKNOWN	12,507.42	17,350.21	15,563.67	41,068.69	123,602.36	78,037.45	700.00	288,829.80
+ WINDSOR ROAD	927,993.69	994,034.79	1,147,756.87	1,128,921.97	1,240,452.07	1,085,811.07	49,619.00	6,574,589.46
Grand Total	21,682,933.58	24,755,985.34	27,463,203.51	28,115,175.36	26,830,781.61	22,431,839.54	2,796,225.14	154,076,144.08

# F&B Reporting Detail – Taxes Collected

Tax Amount	Column Labels							
Row Labels	1	2	3	4	5	6	7	Grand Total
F&B - FOOD & BEVERAGE TAX								
⊕ CAMPUSTOWN	20,306.01	25,815.01	26,131.36	31,448.06	20,521.01	10,821.24	2,688.62	137,731.31
⊕ CENTRAL CITY	649.93	760.86	672.33	1,048.36	1,117.46	1,353.93		5,602.87
⊕ DOWNTOWN	14,701.25	16,180.33	17,534.68	19,784.79	19,865.10	16,321.67	686.19	105,074.01
⊕ MARKETPLACE	8,198.04	9,259.58	10,950.02	9,480.72	10,047.19	9,231.59	879.27	58,046.41
⊕ MATTIS AVENUE	14,484.33	15,716.35	18,190.01	17,128.29	18,516.50	17,436.17	6,315.50	107,787.15
⊖ MIDTOWN	1,647.26	2,058.98	2,016.41	2,162.32	2,190.79	1,320.73		11,396.49
Cinderella's Tea House	11.91	13.19	13.78	11.95	35.75	31.40		117.98
Snow White's Café	114.01	169.47	131.20	141.74	147.59	96.04		800.05
Sleepy's Coffee House	356.28	423.93	446.79	476.12	570.00	442.22		2,715.34
Happy's Bar and Lounge	88.66	100.80	113.81	116.85	114.14			534.26
Doc's Cocktails	162.31	164.20	147.79	165.78	144.73	106.46		891.27
Dopey's Diner	479.57	722.77	685.11	700.03	669.75	273.97		3,531.20
Sneezy's	147.87	167.06	179.42	176.49	193.19	178.56		1,042.59
Bashful's Bakery	42.44	63.35	70.16	65.79	70.27			312.01
Grumpy's Barbeque	198.73	232.92	228.29	307.57	245.37	192.08		1,404.96
⊕ MOBILE VENDOR	330.25	299.82	342.68	339.08	433.42	404.66	81.69	2,231.60
⊕ NORTH PROSPECT	19,928.46	21,858.99	25,390.48	23,259.73	23,204.77	22,316.31	1,468.91	137,427.65



Questions?



# Contact Information

- Kay Nees, Finance Director  
[Kay.Nees@champaignil.gov](mailto:Kay.Nees@champaignil.gov)
- Jennifer Johnson, Administrative Services Supervisor  
[Jennifer.Johnson@champaignil.gov](mailto:Jennifer.Johnson@champaignil.gov)