

STATEMENT OF PURPOSE

RS25100C1

This legislation amends the current section to modernize the language concerning payment of state expenses and to authorize the Treasurer to administer statewide programs related to the receipt of funds and the payment of funds. The legislation also provides for interagency billing for the costs of services provided by the Treasurer. Banking and the processes for paying and receiving funds have changed rapidly in recent years, including a change from the use of paper warrants and checks to electronic transactions. Although we have a specific purpose that prompted this legislation, the language was written to evolve and not just address one purpose. The pressing issue currently is the Payment Card Industry (PCI) compliance program required by VISA/Mastercard to continue Idaho agencies' ability to accept VISA/Mastercard credit and debit cards through the Treasurer's merchant services agreement. Agencies with separate legislative authority to accept credit and debit cards, such as the Department of Transportation, rely on the Treasurer to enter and maintain a statewide payment system with a third party merchant payment processing vendor. Rather than inferring authority from the existing statutory language, this legislation will provide specific authority for the Treasurer to address the current PCI compliance program issue and similar issues related to receipt and payment of funds as they arise in the future. This legislation also contains a new section, modeled on the authority granted to the Department of Administration in Idaho Code section 67-5704, to allow interagency billing and payments. The treasurer expects agencies participating in the PCI compliance program to request and receive an appropriation for the costs of that program. The new section allows the Treasurer to bill and receive payment for those costs from the appropriated agency. The language is written to allow use in future circumstances where the legislature authorizes an agency to expend funds for services provided by the Treasurer.

FISCAL NOTE

The costs of the PCI compliance program are discussed below. No fiscal impact is currently anticipated for existing programs related to electronic funds transfer authorized by the legislation. The state of Idaho is considered to be one merchant, and has been assigned a merchant level 2 by VISA/Mastercard. At this level there are additional requirements to become compliant with the Payment Card Industry Data Security Standards (PCI DSS). These new requirements are to obtain a Report on Compliance (ROC) and to have quarterly network scans. Through information received from an RFI, the Treasurer anticipates the expense to create and administer a PCI compliance program will be \$40,000.00 per agency, of which there are approximately 20 agencies accepting credit cards. Because of the added expense, we are communicating with these 20 agencies to determine which, if any, will plan to discontinue accepting credit cards. Depending on the decisions made, we estimate the project to have a cost of approximately \$200,000.00 for FY2018. All participating agencies are dedicated fund agencies, so there will be no fiscal impact to the General Fund. We anticipate the process will be to bill the costs to the participating agencies which would pay the Treasurer's Office, and the vendor would be paid directly by the Treasurer. The PCI compliance verification is required to be completed annually and will need to be included in participating agency budgets on an ongoing basis. Also, if through the process of obtaining a ROC or the quarterly network scan an agency needs additional resources to become compliant, the agency may have need for an additional appropriation.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).