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King County

Executive signature: Don Constant
Date signed and effective: 7-1-21

I. Purpose

This policy establishes a King County Executive policy for operations by King County Departments and Agencies that accept electronic payments for County taxes, fees, services or products when using electronic payment options such as, but not limited to, the Internet, Point of Sale, Kiosk, telephone Interactive Voice Response (IVR) and other approved electronic payment options.

II. Applicability and Audience

This policy applies to the Administrative Offices and Executive Departments supervised by the King County Executive. The audience may include any non-Executive Branch King County departments adopting this policy.

III. Definitions

“Agency” means any department, or office managed by an elected official of any branch of King County government.

“Automated Clearing House” or “ACH” means an association of depository institutions that process financial transactions electronically through the Federal Reserve Bank.

“Business Application” means any software that assists and supports the making of an electronic payment for County taxes, fines, fees and/or services, and integrates through a Payment Gateway to an Electronic Payment Processor. A Business Application may involve one or more Payment Channels and Payment Types.

“County Consolidated Storefront” means the County developed and supported web portal services at the front end of the electronic payment process that, among others, displays to customers an agency’s products and services, customer payment history, and account balances (amount due); and redirects customers to the County’s approved electronic payment processor vendor gateway for entry of sensitive cardholder payment information. A component of the “Electronic Payments Enterprise System.”

“Credit Card” means a card indicating that the holder named on the card has obtained a revolving line of credit from the financial institution issuing the card up to a certain dollar amount valid to a specified date shown on the card. A credit card may be used to pay for goods and services from merchants or organizations participating in the corresponding credit card program.

“Customer” means the person who is purchasing county goods/services or paying fees/taxes with an Electronic Payment.

“Debit Card” means a card indicating that the holder named on the card has an open

account in a financial institution shown on the card and that the holder named on the card is authorized to pay for purchases of goods and services from participating merchants so long as the account is valid and has adequate funds to cover the cost of either goods or services, or both, at the time of the transaction.

“Digital card” is an online hosted, digital virtual representation of any plastic card, and can emulate the same functions as the plastic card, for e.g. payment. Also called a Virtual Card or Cloud Card.

“Electronic Payments Management Plan” refers to the plan that proposes a countywide electronic payments solution, approved in March 2015.

“Electronic Payments Business Case Assessment” or “Business Case” means the electronic payments questionnaire provided by FBOD to agencies for the purposes of reviewing and evaluating proposals for new or modified electronic payment services.

“Electronic Check”, “eCheck” or “e-check” means an ACH debit that is initiated by the customer against an open account in a financial institution that is authorized for use to pay for purchases of goods and services from participating merchants so long as the account is valid and has adequate funds to cover the cost of either goods or services, or both, at the time of the transaction.

“Electronic Payments Enterprise System” means the approved countywide electronic payments solution providing all agencies the array of services, whether vendor supported or County developed hardware and software services, necessary to accomplish all phases of receiving electronic payments; includes the experience before payment is requested, the experience of agency storefronts (front end of the electronic payment process), the vendor payment gateways (front end to back end hand off), electronic payment processors (back end of the electronic payment process), fulfillment (goods, services) experience, and the experience after the payment is processed.

“Electronic Business Steering Committee” (EBSC) or “Steering Committee” refers to the committee of county representatives, chaired by the Finance Director, who provide guidance, advice, and oversight of County electronic payment strategy, and assistance to departments as part of the county’s Electronic Payments Management Plan.

“Electronic Payments” or “e-payments” include, but are not limited to, payments made using the following: Credit cards, charge cards, debit cards, smart cards, stored value cards, federal wire, automatic clearinghouse system transactions, or other electronic communication. This is synonymous with “digital payments” and encompasses other future technological innovations that facilitate the purchase and payment of County taxes, fees, services or products.

“Electronic Payment Services” means any service provided by a vendor or KCIT who acts as an intermediary in processing an electronic payment, including, but not limited to; merchant banking services, credit card payment processing, ACH debit origination processing, and payment gateway services.

“Electronic Payment Processing Protocol” means the standard, countywide processes used by an agency when accepting electronic payments from customers, including, but

not limited to, electronic payment software, contracts with financial services providers, and business procedures.

“Electronic Payment Processor” means a vendor appointed by a merchant to handle electronic payment transactions for merchant acquiring banks.

“Finance Director” refers to the designated director of the Finance and Business Operations Division (FBOD) or his/her successor.

“FBOD” refers to the Finance and Business Operations Division of the Department of Executive Services.

“FBOD Electronic Payments Coordinator” is the county’s designated point of contact for agencies regarding electronic payments planning, management and policies.

“Interactive Voice Response” or “IVR” means a system that allows users to pay for services over the telephone or other audio-signal carrier using a credit card.

“KCIT” refers to the King County Department of Information Technology or its successor.

“Merchant Acquiring Bank” refers to the designated bank or banking service that processes an electronic payment.

“Payment Card Industry Data Security Standards” or “PCI DSS” means the information security standards created jointly in 2004 by Visa, MasterCard, Discover, JCB International, and American Express (the Payment Card Industry Security Standards Council) , intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information.

“Payment Channel” means the mechanism for delivery of payments to the County. Examples include, but are not limited to, US Mail, traditional phone, point-of-sale (POS) counter service, Internet, IVR, etc.

“Payment Gateway Service” or “Payment Gateway” means software that routes an electronic payment transaction to the appropriate payment processor that authorizes the transfer of funds from the proper financial institution; and which specifically contains the “shopping cart” functionality and accepts payment data (e.g. cardholder information) from a customer

“Payment Kiosk” or “kiosk” means a system that allows users to make a payment via an unattended payment station.

“Payment Type” means the payment instrument for transferring payment to the County. Examples include, but are not limited to cash, mobile payment “apps”, check, wire transfer, debit card, credit card, e-check, digital cards, and other accepted forms of payment.

“Personal Financial Information” means information provided by the customer in the course of completing a payment transaction with the county through an electronic transfer of funds, including but not limited to credit card number, debit card number, and

bank account number, or any other non-public information (NPI).

“Point-of-sale” or “POS” is a payment option that performs a real-time payment authorization of a customer’s account when the customer presents their credit card (or other payment method) in-person at the time of sale.

“Prepaid card” is a type of stored value card that is backed by a card network, but not linked to a checking or savings account.

“PSB” refers to the Office of Performance, Strategy and Budget.

“Qualified Security Assessor” or “QSA” is a title conferred on an individual or organization approved by the PCI Security Standards Council to perform PCI compliance assessments on organizations that handle credit card data.

“Service Fee” is a transaction processing fee that is customarily charged to a customer when making an electronic payment to cover all or a portion of a payment vendor’s transaction costs, including interchange, assessments and mark-up.

“Service Fee Pricing Model” refers to the pricing model available to government merchants used by credit card networks to calculate transaction fees charged to customers, developed originally under the Visa Government and Higher Education Program.

“Visa Government and Higher Education Program” refers to the program that became effective in November 2012 which allows government and higher education entities to accept Visa cards in all payment channels and assess a variable service fee as a separate transaction. Other card networks adopted similar programs. This is the program that grants the County a high degree of flexibility in charging service fees for all types of electronic payments.

IV. Policy

A. Acceptance of Electronic Payments

1. Agencies may accept electronic payments for any business service or purchase of goods pursuant to KCC 4A.601 and RCW 36.29.190.
2. An agency must receive written approval from the Finance Director, on behalf of the Steering Committee and King County Executive, prior to offering any new or significantly modified electronic payment option to their customers.
3. An agency that accepts electronic payments must comply with FBOD’s electronic payment processing protocol and procedural steps as set forth in these administrative policies. Additional information involving these policies is provided in the Electronic Payments Management Plan and the policy Procedural Manual.

B. Agency Business Applications

1. All Business Applications, services and/or equipment which employ electronic payments of any form shall integrate with the county’s Electronic Payments

Enterprise System. The County's approved electronic payment vendor(s) will manage all functions from the point where entry of cardholder personal financial information occurs. The intent is to promote the standard use of electronic payment services and options among agencies and customers. Standardization of the electronic payment vendor(s) is intended to create efficiencies, lower costs, simplify account reconciliation and integration of internal systems, improve reporting and work processes (e.g. standardizing processes for chargebacks, refunds, reconciliation, etc.), and achieve common best practices in accordance with current security and privacy standards.

- a. **New or Replacement Business Applications:** Agencies with new or replacement Business Applications shall use the County's approved electronic payment vendor(s) as described in the Electronic Payments Management Plan. New and replacement business application architecture must further be approved by the KCIT Architecture Review Team (ART) prior to development of the application or advertisement of an RFP. Approval of the actual architecture (post-RFP) must be obtained from KCIT ART.
 - b. **Existing Business Applications:** Agencies with existing Business Applications that are not already using the County's approved electronic payment vendor(s) to process electronic payments, and that were under contract prior to the effective date of these policies, are expected to migrate to the approved electronic payment vendor(s) when their current vendor contract expires (or is terminated) or when there is an option to renew the contract.
 - c. **Modifications to Business Applications:** Agencies which are planning to modify electronic payments associated with existing Business Applications must use the County's approved electronic payment vendor(s) for any new or modified electronic payments.
 - d. **Exceptions:** The Finance Director, working with the Steering Committee, has the authority to grant case-by-case exceptions to use an alternative to the County's approved electronic payment vendor(s), provided that it is in compliance with PCI DSS. Exception requests are initiated by submission of a Business Case to FBOD.
2. **Procurement of Business Applications:** All agencies are allowed flexibility to procure Business Applications facilitating the purchasing of services electronically, whether vendor-licensed or County developed, to meet user needs and business, and accessibility requirements. This approach of front-end storefront flexibility recognizes the widely varying agency business needs, while preserving the standardization of the front-end user experience as well as the core payment workflow at the back end through use of County approved electronic payment vendor(s).
 - a. Agencies must use the Electronic Payments Enterprise System. If a vendor licensed Business Application is selected for use within KCIT's Enterprise system, it must comply with FBOD and KCIT application development, security and IT architectural standards as outlined in the Electronic Payments Management Plan, PCI DSS and this and IT policies.

- b. In all circumstances the agency's Business Applications, whether vendor-licensed or County developed, must provide for integration with the County's approved electronic payment vendor(s). Exceptions to this policy are as noted in paragraph IV.B.1.d. above.
3. In all circumstances involving new, replacement or modified Business Applications, agencies must submit a new or updated Business Case to FBOD.
 - a. In the case of new or replacement Business Applications, the Business Case must be submitted and approved before a procurement solicitation is issued.
4. Agencies interested in pilot programs or similar proofs of concept lasting for no longer than one year, will be granted expedited review of their business case submission, with the intention of not exceeding four weeks. The goal is to support agency programmatic agility when testing new customer service delivery strategies prior to full implementation, while simultaneously balancing acceptable risk to the County.
 - a. Exception requests for using an alternative to the county's approved electronic payment vendor(s) are as outlined above in paragraph IV.B.1.d.
 - b. Exception requests for Service Fees will be per paragraph IV.E. below and may be subject to Council legislative action. In this case, the four-week expedited review cannot be guaranteed.

C. Electronic Payment Processing Protocol, Security and Privacy

1. FBOD, and the Steering Committee, in collaboration with KCIT, shall establish and maintain the protocols for electronic payment processing, including, but not limited to, access to the Electronic Payments Enterprise System, contracts for electronic payments vendor(s), monitoring the use of service fees, and standard business processes and procedures.
2. KCIT shall maintain and administer the county's information technology security requirements, including auditing, management and reporting associated with electronic payments. KCIT shall coordinate with auditors, agencies, and vendors to assess compliance with PCI DSS.
3. No agency shall store any cardholder data or other personal financial information in a database pursuant to KCC 4A.601.020.
 - a. If an agency has a legal and justifiable business need to store personal financial information obtained from customers during an electronic payment transaction, the agency is required to obtain written authorization from the Executive and provide written notification to the King County Council chair pursuant to KCC 4A.601.020.

4. All agencies accepting electronic payments must be aware and compliant with PCI DSS ("PCI Compliance"); agency staff must be familiar with county policies and guidelines governing IT security and required actions in the event of a security breach.

D. Contracts

1. FBOD shall establish and administer enterprise (Countywide) contracts with vendors for the acceptance and processing of electronic payments, including, but not limited to merchant banking services, Internet storefront and payment gateway services, and third-party electronic payment processors.
2. FBOD shall keep the Steering Committee apprised of all matters associated with the establishment and administration of contracts with vendors for the acceptance of electronic payments, including, but not limited to: merchant banking services, Internet storefront and payment gateway services, and third party electronic payment processors.
3. No county agency may enter into any vendor agreements for any electronic payment service without the written consent of the Finance Director.
4. FBOD, through the establishment of contracts with payment vendors and banking partners, shall assist agencies in understanding contract requirements and the pricing structure options relative to electronic payments transaction costs.
5. A contract for a Business Application or service that employs electronic payments, as indicated in paragraph IV.B., must include in its requirements that the Business Application must be integrated with the county's approved electronic payments contractor for the processing of electronic payments; unless an exception to use another contractor is approved.
6. A contract for a Business Application or service that employs electronic payments shall, in addition to normal contract provisions protecting data security and Personal Financial Information, explicitly state the following (Model language may be modified to reflect changes in industry programs, technical innovations, security requirements and terminology):
 - a. Contractor must be compliant with PCI DSS. A contractor must certify compliance upon contract agreement and then yearly until the contract expires or is terminated. A contractor may certify compliance by providing to the county an Attestation of Compliance (AOC) document issued by a Qualified Security Assessor (QSA). Model language: [Contractor's name] shall ensure that its program related activities are conducted in a manner that complies with PCI Data Security Standards, and provide documentation to the county confirming this compliance such as an Attestation of Compliance (AOC) document issued by a Qualified Security Assessor (QSA).
 - b. Specify the County's responsibilities for data security. Model language: County will continue to comply with and be bound by the rules and

regulations of Visa, MasterCard and any other card association or network organization related to cardholder and transaction information security, including without limitation, Payment Card Industry (PCI) Data Security Standards, Visa's Cardholder Information Security Program ("CISP") and MasterCard's Site Data Protection Program ("SDP"), which may be modified from time to time. Merchant will not present for purchase any indebtedness that does not arise out of a transaction between a cardholder and Merchant.

E. Service Fees

1. Both fee setting and cost recovery principles are delineated in the Electronic Payments Management Plan or its successor.
 - a. The standard payment card industry Service Fee pricing model is the County's preferred pricing model for electronic payments. The Finance Director and Steering Committee may approve an alternative fee model if a product or service is not covered by the standard Service Fee pricing model.
 - b. The methodology used in calculating the Service Fee must be approved by the Finance Director prior to an agency accepting electronic payments and be in accordance with the contracts the county has established with its payment vendor(s).
 - c. Service Fees may be calculated to recover all or a portion of a payment vendor's transaction costs.
 - d. Within electronic payment vendor contractual guidelines, a fee in addition to the electronic payment vendor's Service Fee may be charged to the customer for an electronic payment to cover agency costs such as for expedited processing, receiving a copy of a particular form, or other overhead costs involved in fulfillment. Any additional fees must be approved by the county's Finance Director.
2. Agencies wishing to absorb all or a portion of the transaction costs from a payment vendor, as opposed to passing fees on to the customer in the form of a Service Fee, shall:
 - a. Be in accordance with Washington State laws. Specifically, no agency shall absorb the cost of transaction fees where such absorption is strictly prohibited by State Law (RCW 36.29.190). This restriction applies to payments involving taxes and certain special assessments.
 - b. Submit a Business Case to FBOD for review and action by the Finance Director and the budget office (PSB). The Business Case should detail the reasons for absorbing transaction costs and outline the fee or rate model, and be submitted to FBOD prior to submittal to Council of a biennial, mid-biennial or supplement budget proposal indicating their intent to absorb electronic payment transaction fees as required by County Code, KCC 4A.601, Electronic Payments.

- c. Agencies which have previously been approved to absorb Service Fees are required to be reauthorized through the bi-annual budget process (County Code, KCC 4A.601, Electronic Payments). This process will be facilitated by FBOD and PSB.
 - d. Agencies wishing to absorb Services Fees commencing midway through a biennium budget period must indicate this intent via the mid-biennial or annual supplemental budget process coordinated by PSB.
3. Criteria for Absorbing Service Fees: The following evaluation criteria will be considered by FBOD and PSB for agencies requesting authorization by County Council to absorb Service Fees.
- a. The agency has average transaction amounts that are low and adding a Service Fee would be a major barrier for customer adoption.
 - b. The agency can demonstrate strong customer adoption rates by absorbing fees, with increasing payments generating revenues or reducing administrative costs that more than offset the cost of absorbing fees.
 - c. The agency has a pricing structure for its products/services and the prices will be set to recover the costs of an electronic transaction.
 - d. The agency is influenced strongly by Equity and Social Justice considerations due to the population demographic that the agency predominantly serves.
 - e. An agency, with appropriate approvals, joins a regional, cooperative, State or Federal Business Application which requires the absorption of Service Fees for electronic payments.
 - f. The agency has a Council adopted budget that includes the cost of absorbing Service Fees.

F. Annual Reporting

1. As part of the biennium budget request, and the mid-biennium report, the executive will provide the council with a list of all agencies offering electronic payment options. For those agencies absorbing Service Fees, either the actual or budgeted costs of absorbing these fees must be shown, as applicable, for the previous fiscal year, the present budget year, and the upcoming budget year (KCC 4A.601, Electronic Payments).
2. Agencies proposing to add electronic payment services midway through a biennium budget period, and absorbing Service Fees, must indicate this intent by submission of a biennial or supplemental budget request coordinated by FBOD and PSB.

V. Implementation Plan

- A. This policy becomes effective for Executive Branch agencies on the date that it is signed by the Executive. The Finance and Business Operations Division is responsible for implementation of this policy.
- B. The Finance and Business Operations Division is responsible for communicating this policy to the management structure within their respective agencies and other appropriate parties.

VI. Maintenance

- A. This policy will be maintained by the Finance and Business Operations Division, or its successor agency.
- B. This policy will automatically expire five (5) years after its effective date. A new, revised, or renewed policy will be initiated by the Finance and Business Operations Division, or its successor agency prior to the expiration date.

VII. Consequences for Noncompliance

Departments and agencies that do not conform to this policy may be in violation of County Code and State Law (Revised Code of the State of Washington (RCW) 36.29.190). A possible outcome may be that FBOD and the Electronic Business Steering Committee restricts or shuts down electronic payment system operation until an exception is approved or the department/agency has completed remediation as determined by FBOD and the Electronic Business Steering Committee. FBOD may also require departments and agencies to develop or update a Business Case which will be submitted to the Electronic Business Steering Committee for final review and decision-making.

Appendices:

Electronic Payments Procedures Manual – [SharePoint link](#)

Electronic Payments Management Plan – [SharePoint link](#)