



CITY OF CAMBRIDGE
INTEROFFICE CORRESPONDENCE

To Robert W. Healy, City Manager

Date October 24, 1985

From James P. Maloney, Jr., Assistant City Manager
for Fiscal Affairs

Reference

Subject Council Order 28, Credit Card Payments

In response to Council Order 28, the Department of Revenue has informed me that payment of property tax by credit card is not permissible under the statutory billing and collection scheme now in effect.

Specifically, Massachusetts General Laws, Chapter 59 Section 58, provides that "city and towns shall not allow any discount on taxes". This statutory language clearly requires that a municipality receive the full amount of property taxes assessed and due.

In light of this express statutory requirement, a problem is presented by the fact that credit card providers generally deduct a service charge or percentage fee from all amounts charged and reimbursed. Such a deduction or discount would both prevent the municipality from receiving the full amount of taxes due, and would therefore violate the above referenced statutory provisions. In addition, significant cash flow problems would occur if the tax bills were paid by credit card on the due date, and the City did not receive the cash from the credit card providers for 30 days.

The issue of a credit card deduction or discount, anywhere from 2-4%, creates the same problems with their use for payment for traffic and parking fines.

If there is a change in the statutes, which will allow credit card payments, I will inform you.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

October 28, 1985

RICHARD C. ROSSI
DEPUTY CITY MANAGER

To the Honorable, the City Council:

With respect to City Council Order No. 28 of August 5, 1985 relative to the possibility of installing a credit card system for payment of taxes, water, sewer, parking violations, etc., enclosed please find copy of a report from James P. Maloney, Assistant City Manager for Fiscal Affairs.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

S-284

Re: possibility of installing a credit card
system for payment of taxes, water, sewer,
parking violations, ets.

In City Council,

October 28, 1985

10/28/85

- Placed
on
File -