



Transaction Fee: Frequently Asked Questions

Question: What is the Transaction Fee?

Answer: A flat-rate processing fee of \$3.75 added to all credit card payments. This is a pass-through cost that does not benefit KEYS nor is it retained by KEYS. This fee is charged by the payment processor, Paymentus Corporation, to cover transaction costs.

Question: Which methods of payment are not assessed a Transaction Fee?

Answer:

KEYS offers several free payment options:

- Cash or check payments made in person (1001 James Street or the Big Pine Key Branch of First State Bank);
- Check payments that are mailed in;
- Check payments dropped off at a KEYS' drop box (1001 James Street or outside the Shops at Ships Way on Big Pine Key);
- Check payments made online or by phone;
- Payments made via KEYS' checking or savings account electronic debit program;
- Or utilizing your own bank's online check paying feature

Question: Why did KEYS implement a Transaction Fee?

Answer: In 1998, KEYS began accepting credit card payments from customers and absorbing the associated transaction fees. As the program grew in popularity so did the cost of transaction fees. KEYS surveyed other municipal electric utilities in the State and discovered that all utilities assess a transaction fee so as not to incur the expense of processing payments – a cost that is then shared by all customers, including those that do not use credit cards to pay their monthly bills.

Question: Why is the fee a flat rate and not a percentage of my payment?

Answer: The fee structure is mandated by credit card companies who require a set, flat rate rather than a percentage payment.

Question: Why do I have two Transaction Fee charges?

Answer: Credit card transactions will be capped at \$1,000. In the event your payment exceeds the cap, customers will have to make multiple transactions, and will be assessed a transaction fee for each.

Question: Isn't it illegal to charge a fee for the use of credit cards?

Answer: In a retail environment (i.e.: grocery store, clothing store, etc), a transaction fee is charged to the merchant whenever a customer makes a purchase using a credit card. Merchants (i.e. store owners) are prohibited by credit card companies from passing on this transaction fee to the customer who uses the credit

card, so merchants typically include this fee in the price of their goods or services. Thus, all customers bear the burden of the fee. This is appropriate because merchants have control over the price of their goods and customers are making voluntary payments (i.e., they are not required to make the purchase).

In contrast, in most governmental organizations like KEYS, fees are set by ordinance, statute, or in KEYS's case tariff and 100-percent of the fee must be collected by the governmental organization, which leaves no room to budget the transaction fee. In addition, governmental organizations yield "involuntary payments," that is, the citizen does not have the choice to make the payment. In the 1990s governmental organizations began talks with the major credit card companies arguing that individuals who choose to pay their governmental bills by credit card should pay the cost of the transaction.

Individuals who choose another form of payment should not pay the transaction fees of those who use credit cards. In the late 1990s major credit card companies created an exception to allow governments to charge a "transaction fee" to customers who pay by credit card.