

Procedures for Credit Card and Electronic Payments of Municipal Court Fees and Financial Obligations

Directive #8-98
Issued by:

November 17, 1998
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This Directive establishes procedures for electronic payments to those municipal courts that have been authorized to accept credit cards, debit cards or electronic funds transfers to collect certain court imposed financial obligations.

I. Introduction

Pursuant to *N.J.S.A. 40A: 5-43, et seq.* and *N.J.S.A. 2B:1-5*, municipal courts that have been authorized by resolution of their governing bodies may establish systems to accept electronic payments to collect certain court imposed obligations. Those systems are subject to the Rules of Court and rules and regulations promulgated by the Director of the Division of Local Government Services.

The Supreme Court has adopted *R. 7:14-4(c)*, which authorizes the various municipal, central and joint municipal courts to accept electronic payments for fees, costs, fines, penalties, service charges or other judicially imposed obligations, pursuant to procedures established by the Administrative Director of the Courts.

The Director of the Division of Local Government Services has promulgated rules, *N.J.A.C. 5:30-9.1, et seq.* (Government Electronic Receipt Acceptance), to guide local government units in their use of credit cards, debit cards and electronic funds transfer mechanisms to collect local unit obligations. (Attachment A is a reference copy of those Rules.) Counties and municipalities that have adopted enabling resolutions should apply those rules in implementing electronic payment systems on behalf of their municipal courts. The definitions contained in the enabling legislation and the rules, including those at *N.J.A.C. 5:30-9.2* (Definitions), are applicable to the same terms when used in this Directive.

II. General Procedures

Consistent with law and *R. 7:14-4(c)*, the following conditions apply to municipal, central and joint municipal courts that are lawfully permitted to establish systems to accept electronic payments for fees, costs, fines, penalties, service charges or other judicially imposed financial obligations using card-based payment or electronic funds transfer:

1. The municipality or county must have entered into a written contract, on behalf of its municipal court, with an organization that makes or processes electronic receipt transactions and the contract must have been obtained pursuant to the requirements of the Local Public Contracts Law (*N.J.S.A. 40A:11-1, et seq.*) and the rules adopted by the Director of Local Government Services (*N.J.A.C. 5:30-9.1, et seq.*). In addition to the conditions imposed by *N.J.A.C. 5:30-9.4* (Contracting for services), the contract must require that:
 - a. Any authorized service charges, fees, costs, surcharges or other

charges for processing electronic transactions in the municipal court will be billed directly to the county or municipality and paid in accordance with *N.J.A.C. 5:30-9.10* (Payment of Electronic Receipt Fees), without deduction from any municipal court bank account; and

- b. The manual or automated record keeping, processing and accounting practices of a county's or municipality's contract processor must be compatible with all Judiciary administrative procedures governing the operation of the municipal courts, including those related to the Automated Traffic System/Automated Complaint System (ATS/ACS).
 - c. With the exception of those fees authorized in Section 2 below, the municipality must not add any fees, costs or charges for processing credit card, debit card or electronic funds transfer system payments made through the municipal court, and its municipal courts must not assess or collect any such fees, costs or charges.
2. With the prior written approval of the Administrative Director of the Courts, the assessment of fees, in excess of the total obligation owed by a person or organization, may be permitted as an added cost of a specialized card or electronic funds transfer transaction. Such fees will only be authorized when that transaction cannot be completed through the payment of cash, check or negotiable forms of payment at the same location; for example, payments made for services provided through unattended kiosks or via pay-by-phone systems.
 3. Consistent with the provisions of *N.J.S.A. 2B:1-5b*, no person or organization that is a defendant in a criminal matter may offer a credit card for the payment of bail or for the payment of fines or penalties related to the imposition of a sentence, for a crime of the first, second or third degree under Title 2C of the New Jersey Statutes. Debit cards and electronic funds transfer mechanisms may be utilized for the payment of bail or for the payment of fines or penalties related to sentences imposed for those matters. For all other matters, any form of electronic receipt, authorized by the enabling county or municipal resolution may be utilized to make payments for bail, fines, penalties or other court imposed financial obligations.
 4. To better maintain the public's confidence in the impartiality of the judicial process, on-site advertising of the availability of credit card, debit card or electronic funds transfer payments for municipal court obligations is restricted as follows:
 - a. Except as provided for in subparagraph c. below, commercial credit or debit card logos or other identifying signs are not to be displayed in any area of a building occupied by the municipal courtroom, the municipal court Violations Bureau, the court director's or administrator's offices or any other space used by the municipal court.
 - b. Automatic Teller Machines (ATMs) are not to be located in any area of a building occupied by the municipal courtroom, the municipal

court Violations Bureau, the court director's or administrator's offices or other space used by the municipal court.

- c. A Notice of Payment Options, in the form of a sign not larger than 8-1/2 inches by 11 inches, is to be displayed only at each payment window of the Violations Bureau. Commercial credit or debit card logos or other identifying signs, each not larger than 3 inches by 2 inches, may be affixed to the Notice as indicated below. The Notice is to contain the same text in substantially the same format as contained in the exemplar in Attachment B.

III. Financial Procedures

The following financial procedures, consistent with *N.J.A.C. 5:30-9.5* (Accounting and Control), are applicable to the municipal courts:

1. Electronic receipt transactions shall be considered a form of cash receipt and shall be subject to all approved municipal court financial procedures, internal controls and auditing requirements relating to cash receipts, including, but not limited to, daily reconciliation, cash counts and account testing.
2. In no event shall any fees, costs or charges for processing electronic transactions be recouped or paid from money designated as funds due or owing to the State, county or any restitution beneficiary.
3. The municipal court shall transfer any authorized service charges collected to the county or municipality as part of its regular monthly disbursements. The monthly ATS/ACS Miscellaneous Report will include a subtotal entry of service charges collected and disbursed to the county or municipality during the reported month.
4. Electronic receipt transactions shall be transmitted or otherwise sent to the processor on a daily basis at the close of the business day, or if done automatically by computer program, prior to the close of the business day of the processor.
5. The municipal court shall retain printed documentation of all electronic receipt transactions for a period of time, as required by the relevant State records retention law with regard to cash receipts or the county's or municipality's contract with the processor, whichever is longer.
6. All refunds of electronic receipt transactions shall be performed in accordance with Judiciary requirements related to the refunds of monies.
7. The municipal court shall secure authorization of the processor of all credit or debit card transactions prior to execution.
8. Use of pre-authorized transactions, as defined in *N.J.A.C. 5:30-9.6*, to enable the municipal court to initiate a transaction that electronically debits a person's bank account, as part of a court-ordered time payment, is not permitted without the prior written approval of the Administrative Director of the Courts.

IV. Inquiries and Interpretation

Questions concerning any aspect of electronic receipt payments in the municipal courts or requests for interpretations of this Directive, especially to address unanticipated circumstances or new technologies, should be directed to the Administrative Office of the Courts, Municipal Court Services Division, Court Programs Unit, R. J. Hughes Justice Complex, PO Box 986, Trenton, NJ 08625-0986, telephone (609) 984-3072 and Fax (609) 292-4255.

Attachments:

- A. N.J.A.C. 5:30-9.1, *et seq.* (Government Electronic Receipt Acceptance)
- B. Notice of Payment Options

Editor=s Note

The attachments listed above are not included in this directive, but can be obtained by contacting the above-referenced address.