

CITY COUNCIL OF THE CITY OF TARRANT, ALABAMA

ORDINANCE NO. 1110

AN ORDINANCE AUTHORIZING THE ACCEPTANCE  
OF CREDIT CARDS TO PAY DEBTS TO THE CITY,  
ADOPTING RELATED RULES AND REGULATIONS,  
AND APPROVING AN AGREEMENT WITH A COMPANY  
TO FACILITATE THE ACCEPTANCE OF CREDIT CARD  
PAYMENTS.

**WHEREAS**, Section 11-103-1 of the *Code of Alabama* (1975), authorizes the City Council of the City of Tarrant, Alabama (“the City”) to contract for the acceptance of credit cards to pay debts to the Town;

**WHEREAS**, for purposes of this Ordinance, the term “credit card” shall include credit cards, charge cards, and debit cards issued by any bank, foreign lender, domestic lender, or credit card bank as defined in Section 5-20-3 of the *Code of Alabama* (1975);

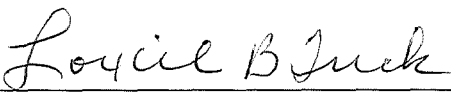
**THEREFORE, BE IT ORDAINED** by the City Council of the City of Tarrant, Alabama, while in regular session on Monday, September 17, 2018, as follows:

**Section 1.** The use of credit cards for any payments made to the City and its offices, departments, agencies, boards, and commissions, including but not limited to the Electric Department and Municipal Court, is hereby authorized by the City Council.

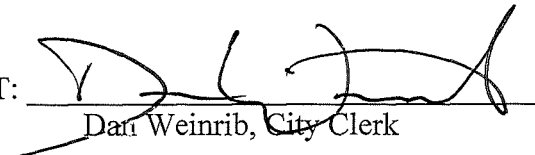
**Section 2.** The use of credit cards for any payments made pursuant to this Ordinance shall be accepted pursuant to the “City of Tarrant, Alabama, Credit Card Acceptance Rules and Regulations,” a copy of which is attached hereto as **Exhibit A** hereof, and which is hereby enacted as the official policy of the City.

**Section 3.** The City Council hereby authorizes the Mayor to enter into an appropriate agreement to facilitate the acceptance of credit card payments, provided that the agreement may not provide for the receipt of payments at a discount from the amount that would be owed were credit cards not accepted for the payment or withholding of administrative fees from the actual amount of the payments. The agreement shall provide that it may be canceled without penalty at any time by the City Council upon reasonable notice. No agreement shall exceed three years, but the Mayor is hereby authorized to renew the agreement for such period as (s)he deems appropriate unless otherwise directed by the Council.

ADOPTED THIS THE 17TH DAY OF SEPTEMBER, 2018.

  
Loxcil B. Tuck, Mayor

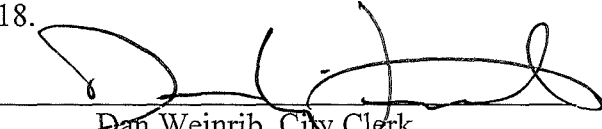
ATTEST:

  
Dan Weinrib, City Clerk

**CERTIFICATION OF TOWN CLERK**

I, Dan Weinrib, as City Clerk of Tarrant, Alabama, hereby certify that the above and foregoing copy of Ordinance No. 1110 is a true and correct copy of such Ordinance that was duly adopted by the City Council of Tarrant, Alabama, on the 17th day of September, 2018, as same appears in the official records of said City.

Posted at Tarrant City Hall, Tarrant Public Library, and the Tarrant Park & Recreation Center on this the 18th day of September, 2018.



Dan Weinrib, City Clerk

# EXHIBIT A

# **City of Tarrant, Alabama, Credit Card Acceptance Rules and Regulations**

The City of Tarrant, Alabama (“the City”) and its offices, departments, agencies, boards, and commissions, including but not limited to Tarrant Electric Department and the City of Tarrant Municipal Court (altogether “City Entities” or any individually “City Entity”), may choose to accept credit cards as a payment. These Rules and Regulations identify the requirements that City Entities that accept or want to accept payments by credit cards must follow. For purposes of the “City of Tarrant, Alabama, Credit Card Acceptance Rules and Regulations” (“Rules and Regulations”), the term “credit card” shall include credit cards, charge cards, and debit cards issued by any bank, foreign lender, domestic lender, or credit card bank as defined in Section 5-20-3 of the Code of Alabama (1975)

## **PART I. GENERAL PROVISIONS.**

### **Section A. One Contract.**

A central merchant services contract for accepting credit card payments is negotiated by the City for all authorized merchant accounts. City Entities cannot negotiate their own contracts with credit card processing companies or contract with companies accepting credit card payments on the City Entity’s behalf.

### **Section B. Accounting Among Town Entities.**

A City Entity is responsible for all expenses associated with any credit card merchant accounts assigned to it. These expenses will be charged to the applicable City Entity as they become due.

### **Section C. Individual Liability for Accepting Payment.**

An agent, officer or employee of a City Entity who accepts a credit card payment in accordance with these Rules and Regulations shall not thereby incur any personal liability for the final collection of such payments.

### **Section D. Recording and Reconciliation of Credit Card Transactions.**

All funds received via credit card must be deposited into a City designated bank account. This is accomplished by settling the credit card batch. All credit card transactions must be settled daily and recorded timely in the City’s financial records.

All City credit card bank deposit activity is monitored and reconciled monthly by the City to ensure that credit card activity is being recorded in the City’s bank account.

Records should be maintained for each City Entity of the type(s) of revenue (e.g., sales, services, gifts, fees, etc.) that were paid with credit card.

## **PART II. SECURITY MEASURES.**

### **Section A. PCI Compliance.**

The Payment Card Industry Data Security Standard (PCI DSS) Program is a mandated set of security standards that were created by the major credit card companies to offer merchants and service providers a complete, unified approach to safeguarding cardholder data for all credit card brands.

The PCI Data Security Standard requirements apply to all payment card network members, merchants and service providers that store, process or transmit cardholder data. The requirements apply to all methods of credit card processing, from manual to computerized; the

most comprehensive and demanding of which apply to e-commerce websites, and retail POS systems that process credit cards over the Internet.

The City Entities that process payment card data have a contractual obligation to adhere to the PCI Data Security Standard (PCI-DSS) which are national technical and business standards developed by the credit card industry which apply to all organizations that process, transmit or store credit cardholder data. Payment Card Industry Data Security Standards are incorporated into these Rules and Regulations but also may be accessed on-line at <https://www.pcisecuritystandards.org/>.

The City Entity is responsible for adhering to all the standards in the PCI-DSS and for annually certifying their continued compliance by submitting the PCI-DSS Self-Assessment Questionnaire (SAQ) appropriate to their credit card activities.

#### **Section B. Protecting and Securing Customers' Personal Information.**

All personal credit card information must be strictly controlled and protected; and securely stored for only as long as there is a business necessity. Failure to maintain strict controls over this information could result in unauthorized use of a credit card number and serious problems for the customer, the City Entity and the City. Personal credit card data should never be moved from the City Entity receiving this data unless a secure delivery method is established and a transfer of custody is in place. Never send or request cardholder information to be sent via unencrypted e-mail, instant messaging, chat, etc.

#### **Section C. Possible Loss or Stolen Credit Card Data.**

If a City customer contacts a City Entity to report suspected fraudulent use of their credit card, the City Entity should contact the City Mayor, Principal Accountant or other chief municipal financial officer, or City Clerk to assist and involve other City Entities as needed.

If a City Entity knows or suspects that its credit card receipts or other stored credit card data have been breached, the City Entity should contact the Mayor as quickly as possible. The Mayor will determine the appropriate course of action needed.

#### **Section D. Location & Usage of Credit Card Terminals**

Administrative access to credit card terminals should be limited to only authorized employees. The physical location of credit card terminals should be accessible by the public. Only authorized employees should have access to credit card terminal settlement processes. Access to secure storage areas should be limited to only authorized personnel. Make sure all visitors are authorized before entering areas where cardholder data is processed or maintained.

Maintain strict control over the internal and/or external distribution of any kind of media that contains cardholder data. Classify credit card media so that it can be identified as confidential. Approval from the Mayor should be obtained prior to moving any and all media containing cardholder data from a secured area.

#### **Section E. Securely Store and Retain Cardholder Data.**

Under no circumstances should a City Entity create or store electronic files of customer credit card numbers and expiration dates (including spreadsheets, databases).

Do not store the card-validation code or value which is the three-digit or four-digit number printed on the front or back of a payment card. This is normally used to verify identity when the credit card is not available to swipe.

Do not store the personal identification number.

Physically secure all paper and media that contain cardholder information.

Store credit card settlement tapes in a secure, locked (limited access) area.

Store any credit card data for which there is a business need to keep in a secure, locked area. Limit the retention time of credit card data to that which is required for business, legal, and/or regulatory purposes. This should not exceed a year, unless required to be kept longer by the Alabama Public Records Laws.

#### **Section F. Destruction of Previously Retained Cardholder Data.**

Destroy media containing cardholder information when it is no longer needed. Cross-cut shred hardcopy materials so that cardholder data cannot be reconstructed.

### **PART III. CREDIT CARD TRANSACTIONS PROCESSED THROUGH A CARD SWIPE TERMINAL (AN AUTHORIZED CREDIT CARD MACHINE).**

#### **Section A. Accepted Methods of Processing Credit Cards.**

The accepted method for processing a credit card transaction is a card swipe terminal.

#### **Section B. Accepted Credit Cards.**

City Entities choosing to accept credit cards as payment will accept Visa, MasterCard, and Discover debit cards and Visa, MasterCard, Discover, and American Express credit cards.

#### **Section C. Acquiring Credit Card Equipment.**

Credit Card terminals must be approved by the City Council. The needed equipment and supplies will be obtained by the Mayor and distributed to the applicable City Entity. The City Entity will be responsible for any applicable equipment costs which will be reflected on the City Entity's monthly credit card statement.

#### **Section D. Convenience Fee.**

The City shall impose the assessment of a convenience fee from the person paying by credit card in the amount specified by a legal agreement between the City and the central merchant services provider. The amount of the convenience fee may be adjusted from time-to-time by the Mayor to an amount equal to the transaction fee charged by the credit card processor to the City. At no time, shall the convenience fee exceed the amount of the transaction fee charged by the credit card processor. The payment of the convenience fee shall not be refundable.

#### **Section E. Card Discount Rate Fees.**

The City shall impose the assessment of a debit card discount rate fee from the person paying by debit card in the amount specified by a legal agreement between the City and the central merchant services provider, regardless of the type of debit card utilized or whether the debit card is swiped or keyed. The amount of the debit card discount rate fee may be adjusted from time-to-time by the Mayor to an amount equal to the lowest debit card discount rate charged by the credit card processor.

The City shall impose the assessment of a credit card discount rate fee from the person paying by credit card in the amount specified by a legal agreement between the City and the central merchant services provider, regardless of the type of credit card utilized or whether the credit card is swiped or keyed. The amount of the credit card discount rate fee may be adjusted from time-to-time by the Mayor to an amount equal to the lowest credit card discount rate charged by the credit card processor to the City.

#### **Section F. Final Payment Required.**

No person making payment to a City Entity by credit card shall be relieved from liability for the face amount of the payment except to the extent that the City Entity realizes final payment of the underlying obligation in cash or the equivalent. If final payment is not made by the credit card issuer or other guarantor of payment in the credit card transaction, the underlying obligation

shall survive, and the City Entity shall retain all remedies for enforcement which would have applied if the credit card transaction had not occurred.

If any credit-card draft is not paid following due presentment to a card issuer or draft purchaser or is charged back to the City Entity for any reason, any record of payment made honoring the credit card shall be corrected to reflect that no payment was made. Any receipt issued in acknowledgment of the attempted payment shall be void.

If the credit-card issuer notifies a City Entity that payment will not be made for any reason, the charge shall be treated as unpaid, and the City Entity may pursue any legally authorized means necessary to obtain payment.

#### **Section G. Refusal of Payment.**

The City Entities may refuse to accept a credit card for payment in the following situations: 1) if the individual attempting to pay by credit card has been convicted of an offense or violation involving the use of a credit card; 2) if the individual has previously tendered to any of the City Entities a credit card or credit-card information that did not ultimately result in payment by the credit-card issuer; 3) if the bank or credit card issuer does not authorize payment; or 4) if the validity of the credit card cannot be verified.

#### **Section H. Payments by Telephone.**

The Mayor may authorize a City Entity to accept credit-card payment by telephone. If so authorized and if accepted by the City Entity, credit-card payment by telephone shall have the same effect as payment made by mail or in person. As is the case with payments by mail or in person, a City Entity may treat as a partial payment an amount tendered for less than the full amount.

#### **Section I. Refunding and Disputes of Credit Card Payment**

When an item or service is purchased using a credit card, and a refund is necessary, the refund must be credited to the same credit card account from which the purchase was made. This is a requirement of the credit card contract. Crediting to the same account used for the charge protects the customer. Processing refunds as a credit back to the card honors the banking agreement and reduces credit card fees incurred by the department.

When a customer disputes the validity of a bank card transaction, a notification is sent to the respective City Entity and a charge back to the City's bank account is automatically generated by the City's merchant services provider. If necessary, the City Entity will contact the City principal accountant or other chief municipal financial officer applicable to obtain information or supporting documentation on the disputed transaction. City Entities should not receive such charge back notices directly from the City's merchant services provider. If this should occur, contact the City principal accountant or other chief municipal financial officer. If the dispute is settled in favor of the customer, a refund is automatically issued to the customer by the City's bank. The City Entity that accepted the payment will be charged for the amount of the transaction plus any applicable charge back fee. The City Entity will be notified that this action has been taken. If applicable, City Entity records should be adjusted to reverse the original payment. If the dispute is settled in favor of the City, the City Entity will be charged only for any applicable charge back fee that is charged to the City regardless of the outcome of the dispute.