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Inside ExploreLI

TOP STORIES

FEES TO PAY LOCAL

A \$10,000 bill could cost you 90 cents to \$375

BY JESSE COBURN

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Long Island residents face different fees to pay property taxes online depending on where they live, and those fees can add as much as hundreds of dollars to tax bills that rank among the highest in the country, a Newsday analysis found.

An online payment for a \$10,000 tax bill could cost as little as 90 cents or as much as \$375, depending on the municipality and type of payment.

Paying in person or by mail is usually free. But property owners who went online to file more than 69,000 tax bills last year paid more than \$2.2 million in fees, according to data provided by 11 towns and the City of Glen Cove. Oyster Bay, Long Beach and Southampton did not provide data on the number of tax bills paid online or fees collected.

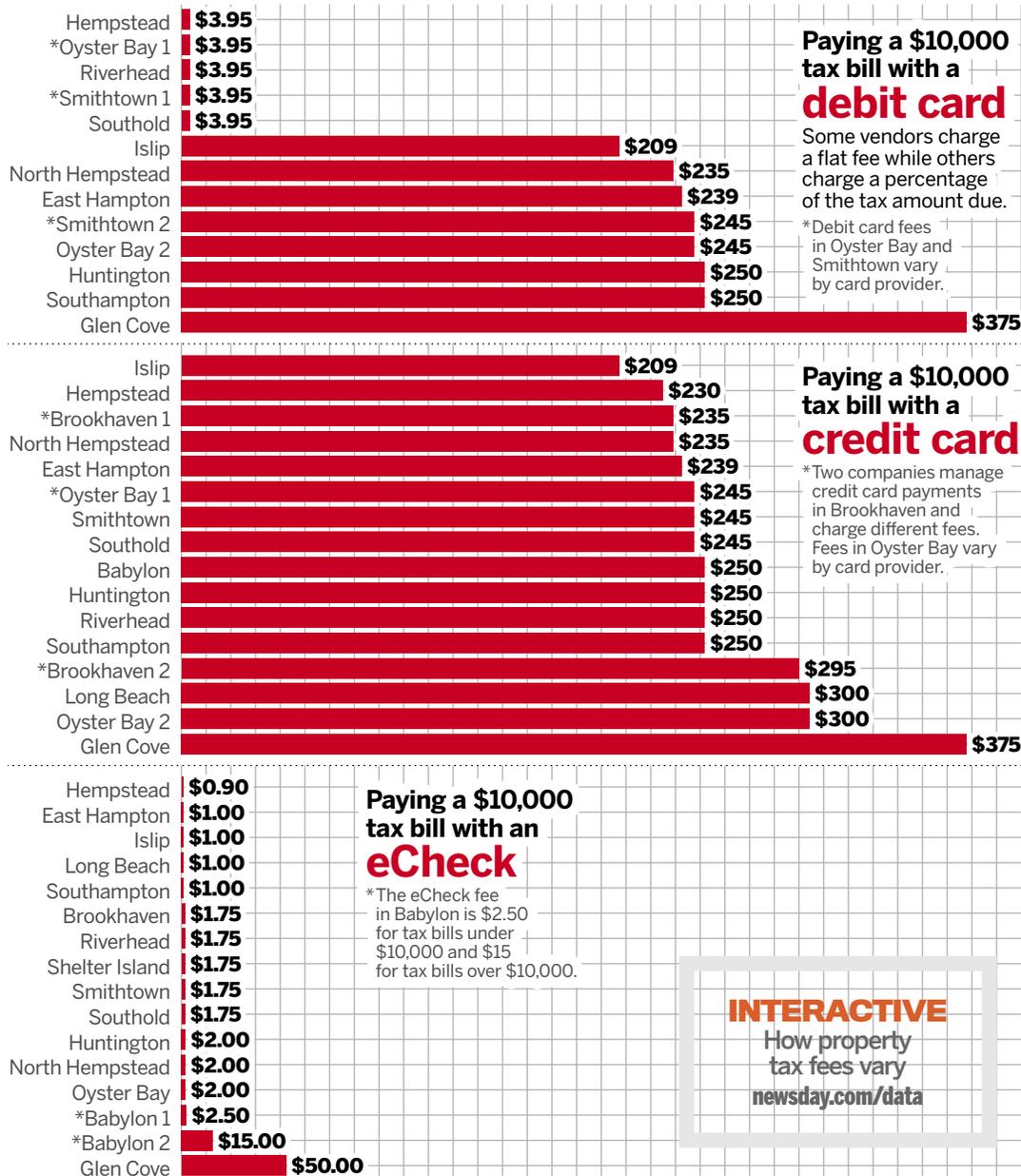
The fees go to the companies managing online payments, not to the municipalities, officials said. Representatives of those companies said they keep a fraction of the fees, with the remainder divvied up among credit card companies and payment processors.

The electronic payment firms generally receive the contracts through bidding or requests for proposals, or after a municipality solicits their services directly, officials said.

"It's not a high-volume business," said Wil LaBossier, president of Software Consulting Associates of upstate Red Hook, which built online tax software for Glen Cove and Long Beach.

Companies may charge different fees because they provide municipalities with a range of services, LaBossier said.

Municipal officials from across the Island said they have sought to negotiate better rates for their residents, but



Paying a \$10,000 tax bill with a debit card

Some vendors charge a flat fee while others charge a percentage of the tax amount due.

*Debit card fees in Oyster Bay and Smithtown vary by card provider.

Paying a \$10,000 tax bill with a credit card

*Two companies manage credit card payments in Brookhaven and charge different fees. Fees in Oyster Bay vary by card provider.

Paying a \$10,000 tax bill with an eCheck

*The eCheck fee in Babylon is \$2.50 for tax bills under \$10,000 and \$15 for tax bills over \$10,000.

INTERACTIVE
How property tax fees vary
newsday.com/data

NEWSDAY

others said they had little say in the matter.

"They have the final say in what they need to charge," Glen Cove Controller Sandra Clarson said of the city's contractor, Software Consulting Associates.

Clarson attributed Glen Cove's fees — the highest of the 13 towns and two cities — to the cost of rolling out its online payment system last year, including building the city's payment website. She said she expects the rates to drop

within the next year.

In Glen Cove, residents paying their property taxes online by debit card incur a fee that is 3.75 percent of their property tax bill. In Hempstead Town, the debit card fee is a flat \$3.95.

For online credit card payments, Islip Town residents pay 2.09 percent of their tax bill.

In Oyster Bay, residents pay 2.45 percent to 3 percent for the service, depending on the type of credit card they use.

"It's just another pinprick,"

said Barry Cowen, a Wantagh resident who owns property in three Long Island towns and faces different online fees in each.

In some cases, the same company is charging different fees from town to town.

Forte Payment Systems, which is contracted by three Long Island towns, charges Riverhead residents \$3.95 for online debit card payments, but Brookhaven residents pay the Allen, Texas-based company a total of 2.35 percent of

TAXES ONLINE VARY ON LI



Barry Cowen, of Wantagh, owns property in three Long Island towns and faces different online fees in each: "It's just another pinprick."

their tax bill. Smithtown also contracts with Forte.

Forte representatives did not respond to requests for comment.

Brookhaven Deputy Tax Receiver John F. Kreutz said: "Every town has its own criteria in what it will negotiate for. We negotiate based on lower eCheck fees." The fee for online eCheck payments — direct withdrawals from bank accounts — is \$1.75 in Brookhaven.

Another electronic payment

firm, Official Payments, also manages online filing for multiple Long Island towns and charges different fees in each.

Andrew Sajeski, a spokesman for Official Payments' parent company, ACI Worldwide, of Naples, Florida, said the varying fees reflect the volume of online payments in a municipality, and the contract each negotiates with its vendor.

"Taxpayers are able to pay when, where and how they want to pay, and only those

who opt to pay using Official Payments incur service fees," Sajeski wrote in an email. "Residents who choose to pay via check or other traditional methods are not charged a service fee."

Long Island taxpayers bristled at the added online costs.

"It is, in effect, raising a property owner's taxes by 2 or 3 percent, with no added benefit to the services provided by the town," said Brett Houdek, president of the Medford Taxpayers and Civic Association.

annually, Long Beach pays about \$4,800 annually, and Oyster Bay pays around \$18,000 annually.

Oyster Bay Tax Receiver James J. Stefanich said the town held a competitive bidding process to find its contractor — Business Automation Services of upstate Clifton Park — and other bidders quoted higher prices. The contract with Business Automation Services includes more than just online payment management, Stefanich said.

"I've got a complete maintenance contract. That's what we're paying for," he said.

Company officials did not respond to requests for comment.

Stefanich and other tax receivers said businesses commonly pass the charges they incur for accepting credit cards on to customers by raising the cost of goods or services, which means cash-paying customers effectively subsidize those using credit cards. Breaking out such fees and charging them only to customers whose payment methods trigger them is fairer, and municipalities are required to do just that, they said.

New York General Municipal Law states that local governments may require people paying by credit cards to also shoulder fees "not exceeding costs incurred by the local government in connection with the credit or charge card payment transaction."

Tim Hoefler, executive director of the Empire Center for Public Policy, a fiscally conservative think tank in Albany, said he saw nothing unfair in passing such charges on to residents, and that they are easy to avoid by paying by mail or in person.

But he noted that residents can't price shop to avoid them should they choose to pay online.

"Taxpayers don't have a choice" because they must file tax payments where they live, he said. "We should all expect the local governments levying these massive taxes to do everything in their power to minimize any cost."

DANIELLE SILVERMAN