## Progress:

**By: Paul Morris, ESQ & NBBLO Founder**

What a difference a few months makes:

» The web site has been revised and is now more functional.

» Conference registrations are more promptly confirmed

» PayPal has been incorporated into our registration process so members may instantly submit payment for membership and/or conference registration .

» Our certification program has been strengthened to ensure continuing educational and membership requirements are met.

» Periodic emails with links to nationwide news articles are generated to keep the membership informed of relevant happenings .

» We now have a resource area where articles of longer term use remain available to our members.

» A pilot program was created for entity members who wish to automate their abandoned property registration functions at no or low cost.

» Conference badges have been bar coded to facilitate attendance recording, member certification and recertification of Certified Licensing Officials.

» Bar code readers collect attendance when attendees swipe their badges for courses and catered events.

Coming over the next year:

» Job postings (for entity members)

» Online member self administration

» Member Surveys

» True on-line registration with credit card acceptance.

» Member forum

» Member Public Data Sharing

NBBLO exists to serve you. These improvements and those to come are intended to enhance your performance as a licensing official. If you have any suggestions or other changes we might consider please contact us by email at: moderator@nbblo.org.

## In This Issue

## News & Notes

» The 2009 conference will be held this week in Atlanta, GA .

» At the Atlanta NBBLO, Paul Morris and Mark Arnold will present an update of case law.

# Internet Credit Card Validation:
## By: Glenn R. Vodhanel, President of Progressive Solutions Inc.

More and more city staffers are swiping (processing) credit cards at their computer workstations and obtaining authorization via the internet. There are a few items to consider before you consent to any upgrade of computers upon which you rely on to process credit card payments.

1.Reputable credit card transaction processing vendors ensure that customer credit card information is safeguarded by utilizing a secured socket layer (SSL) encryption scheme to convey private customer information to your processing vendor for retrieval of approval (or rejection) codes.

2.Many operating system security upgrades offered by Microsoft are designed to lock down each workstation so they may not be hacked by evil doers. However an unintentional result may be the disabling of previously working credit card acceptance functionality.

3.Best practices are to setup a test workstation with a similar environment to the currently working cash workstations. Once a test workstation has been determined to be functional, the software patches/upgrades may then be applied with the opportunity to test the workstation to determine any impact on credit card processing.

4.Should the upgrade disable credit card processing, IT staff will then have the opportunity to identify what ports or other access may be required to be opened up to re-enable credit card payment processing.

5.If acceptance of credit cards is important to your operations, only accept any upgrade after you are satisfied such testing has been completed.

# PCI Compliance Is Part of the Revenue Enhancement Lifecycle
## By: James Anderson, Professional Assurance, LLC

As all types of government entities grapple with the current economic crisis, many business licensing officials have turned their attention to serious revenue enhancement efforts including offering new payment card options to their various stakeholders. While the benefits of offering comprehensive payment card alternatives are significant, one thing to keep in mind is the need for compliance with the payment card industry data security standards, PCI DSS.

Data breaches involving stolen credit card numbers are becoming all too common in today's world. And while the more spectacular headlines involve processors that are considerably larger in scope than the typical business licensing office, a breach of even a few dozen cardholder records could mean substantial embarrassment, investigations, and even legal

sanctions after state or municipal governments react to attempt to soothe constituent outrage over the apparent casual treatment of their personal information. Many licensing offices have received letters from their acquiring banks insisting upon formal PCI DSS compliance and requesting that validation evidence and attestations of compliance be submitted. And while the bigger headlines usually deal with Internet hackers and identity thieves, PCI standards also apply to old-fashioned paper records of the type that business licensing offices have had laying around for years. PCI is real and cannot be avoided. Yet estimates of compliance among smaller merchants – the group that comprises most NBBLO members' offices – show that only about one third (36%) of them comply with PCI DSS.

All merchants must comply with PCI DSS. It is a frequent misconception that because licensing officers process relatively few transactions on an annual basis -- or by virtue of being a governmental entity or quasi governmental entity -- they are exempt from PCI requirements. This is not the case. Many merchants will only have to comply by assuring their systems and processes are secure enough to protect cardholder data. However, the trend is toward a) requiring more demonstration of compliance even from smaller merchants; b) requiring external validation of smaller merchants who do any number of electronic or telephone transactions; and c) requiring all types of payment applications to meet more stringent security standards internally. But as licensing officers realize the substantial handling benefits resulting from offering

the convenience of payment card processing it is likely that rapid growth rates in annual transaction numbers will be seen over the next few years. Taking PCI DSS compliance for granted may lead to some extremely unpleasant surprises for licensing officers who, when all else is settled, will be held to the highest standards of data protection for the sensitive data they possess including payment cardholder data.

On the plus side of this issue is a rapidly evolving array of services and information now available directly from www.PCI.org. These services and information pieces -- although requiring some time and thoughtful study -- have gone a long way toward closing the "confusion gap" that has existed among smaller merchants around the need for formal PCI compliance.

Two crucial steps must take place in compliance officers board rooms as they consider the PCI DSS compliance question: 1) licensing officers must determine their "merchant level" and other key determinants of the validation steps they must comply with under PCI DSS; and 2) assuming that a licensing office is not at the top of the pyramid of payment card processors, licensing officers must determine what PCI self-assessment questionnaire they will be required to complete and potentially make available to their acquiring bank. After completing these steps, licensing officers will know whether they will need an on-site validation of their PCI DSS mandated controls, whether they will be required to engage a scanning vendor to scan their Internet connected computers for vulnerabilities that might compromise cardholder data, and whether they will be required to complete the submit annually to PCI self-assessment questionnaire.

Once the on-site assessment or self-assessment questionnaire has been completed, licensing officers may face some difficult challenges in making their internal operations secure under PCI DSS standards. However, new guidance allows merchants to select "compensating controls" in lieu of precise compliance with PCI technology standards. For example, if your licensing office has a wireless network access capability connected to the cardholder information processing systems, but you do not use wireless for the transmission of cardholder data, it may be possible to disconnect the cardholder systems from the wireless facilities and avoid having to replace wireless facilities with more up-to-date and secure equipment. Indeed, smaller merchants are learning that they have frequently retained sensitive cardholder data when there was no business need to do so. Now, with guidance from the PCI Security Standards Council, merchants are learning that sometimes it is better to simply delete high risk data then to attempt to construct PCI compliant security around it.

Once PCI security compliance can be assured, licensing officers face a significantly positive environment for increasing overall revenues as a result of making payment card alternatives available to their stakeholders. This may allow the collection of fees that have been extremely difficult and costly to collect in the past, using formats that customers appreciate and which provide superior cash flow over traditional check processing.

Licensing officers may also discover during their PCI compliance efforts that they are subject to other information security standards such as HIPAA (health information privacy) standards and that by doing the work to verify compliance under PCI they will get a fast start on compliance in other areas since these standards often have many identical or similar requirements.

# The ABC's of Electronic Payment Processing-Part II

**By: Glenn R. Vodhanel, President of Progressive Solutions Inc.**

Attempts to understand how credit card fees charged by the banking industry are calculated are truly a time consuming and frustrating endeavor.

With the myriad of interchange, association and processing fees, anyone's head could easily spin just as Linda Blair's did in the Exorcist.

**Rate Shopping:**

When shopping for the best merchant account rates, keep in mind that just because your banking services are with one organization does not preclude you from soliciting the lowest possible cost for credit card processing services (a merchant account) from 3rd party vendors *while maintaining your existing banking arrangements*.

**Utility Flat Rates:**

Keep in mind that credit card acceptance procedures which follow prescribed rules may enable transac-

tions to be eligible for much lower **flat** fees than the so called "normal" interchange fees. Should you have a central cashiering vendor able to process utility rate transactions in addition to the 'normal' transactions, that factor could save you significant coin.

**Convenience Fees:**

In light of our current economic climate, some merchant account providers are offer to incorporate a convenience fee into each customer transaction. The net result is a cost to consumers, but no cost to the participating government agency. Typically such agencies who participate in such programs do not accept visa as some of Visa's convenience fee requirements do not lend themselves to full recovery of all processing costs. In addition some merchant account programs may not interface with modern cashiering systems and may require new phone lines, hardware and result in a significant drain on staff resources that may make one question if the benefit is exceeded by the soft costs.

**Integration:**

Another consideration is whether your central cashiering system may be integrated with all city receivable

systems and used to process all citizen tendered credit cards. Any vendor who offers you the means to cost effectively integrate with your preferred systems and enables city IT staff to accept credit card transactions over the internet without un-

> " *Just because your banking services are with one bank does not preclude you from soliciting the lowest credit card processing fees from 3rd party vendors!* "

necessary duplicate or triplicate transaction entry should definitely be favorably considered.

An example of a single entry cashier integrated web application may be viewed via the link: www.progressivesolutions.com/apiexample.

The integration utilized in the above example may be utilized for any citizen payment transaction from animal licenses to utility bills.

Another integration opportunity is GASB compliant automated integration with your municipal finance system.

When a vendor can demonstrate they already integrate with your financial system vendor, so much the better. If they currently do not have integration with a given financial vendor, but they have a proven track record of dealing with many financial systems, your odds for a successful implementation are dramatically improved.

**Manual Receipt Processing:**

Manual effort often results in tremendous staffing soft costs. Namely the number of staff labor hours expended to record/reconcile transactions and to create appropriate general ledger entries.

Any automated cashiering system worth its salt enables a city to reallocate hours previously lost as soft costs to revenue collection activities which are virtually guaranteed to result in additional funds for the general ledger.

In summary automate, share and integrate your central cashiering functions whenever possible. When the political winds are at your back take the opportunities to reduce credit card costs via utility programs and or convenience fees. The costs you save may directly benefit *you*!

# Platinum Sponsor of the 2009-Atlanta Conference:

| Company | Representative | Telephone |
|---|---|---|
| Progressive Solutions, Inc. | Glenn Vodhanel | (714) 671 - 1597 |

# 2011 Conference Proposals Requested:

Proposals are currently being accepted from all cities desiring to host the 2011 NBBLO Conference to be held on July 13th-15th. Please provide a designated host city contact and proposed host hotel contact information.

# Upcoming Events:

| Association Name | Conference | Website |
| --- | --- | --- |
| National Bureau of Business Licensing Officials-NBBLO | July 15-17, 2009 | www.nbblo.org |
| California Association of Code Enforcement Officers | Sept 8-11, 2009 | www.caceo.us |
| California Municipal Revenue & Tax Association-CMRTA | Oct 14-16 2009 | www.cmrta.org |
| SC Business Licensing Officials Association | Oct 26-30, 2009 | www.masc.sc/affiliates/bloa/description.htm |
| Florida Association Business Tax Officials-FABTO | Apr 19-23, 2010 | www.fabto.org |
| Florida Association Code Enforcement-FACE | June 2010 | www.face-online.org |
| Alabama Municipal Revenue Officers Association | July 8-10, 2010 | www.amroa.org |
| Code Officials Association of Alabama | September 2010 | www.coaa.com |
| Georgia Business Tax Officials | June 2010 | www.gabto.org |

# Certified Licensing Officer Candidates:

Becci Steed, La Vergne TN

Brenda Fransaw, Oakland CA

Chuck Maurer, San Jose CA

James Benton, Salt Lake City UT

Judy Smith, Norfolk VA

Maureen Graham, Wasilla AK

Maxime Ducoste, Boyton Beach FL

Neal Dixon, County of Mecklenburg, NC

Rosa Hutchins, Atlanta GA

Teresa Cowley, Woodstock GA

Vincent Brown, Tuscaloosa AL

Wayne Gornowicz, Santa Rosa CA

Yvonne Waye, Kingsland GA

# 2009 CLO Recertification Candidates:

Charles Guillory, Fort Smith AR

Charles D Crowson Jr, Newport News VA

Laurie Hood, Riverdale GA

Debby Suter, Springfield MO

Evie Rutledge, La Vergne TN

Lana Hammond, N Las Vegas, NV

# 2010 CLO Recertification Candidates:

Jeffrey Morris, Georgetown KY

Marcia Ward, Gulf Shores AL

Bruce Smith, Tempe AZ

Brenda Guess, Alameda County CA

**NATIONAL BUREAU OF BUSINESS LICENSING OFFICIALS**

*Informing Licensing & Code Enforcement Officials*

NBBLO, LLC
PO BOX 67
New Creek, WV 26743

Phone: 801-261-8266
Fax: 702-943-3300
E-mail: moderator@nbblo.org

# Becoming a Member

NBBLO membership enables you access to information regarding code enforcement, regulatory and revenue raising business licensing at the local level of government.

Membership is only $45 and entitles you to a discounted annual conference registration and two newsletters a year. NBBLO also sponsors several national certifications.

For more information go to www.nbblo.org. There are links for membership, certification, and the annual conference. Our next conference will be held next week in Atlanta GA, July 15-17, 2009 at the Atlanta Marriott Marquis.

# Save the dates for the 2010 Conference in Las Vegas NV

Sign up for the 26th Annual NBBLO State and Local Business Licensing Conference to be held July 14-16, 2010 in Las Vegas, NV will be available in November of 2009.

Just go to www.nbblo.org and click on "Conferences" and then "Conference Registration." There you can fill out the form online and submit it. Thereafter, you send the appropriate fee to the address shown. Or you may just call 801/261-8266 and register by phone.

There will be an outstanding conference agenda. Come hear discussions of regulatory licensing issues as well as issues germane to tax collection. Local business licensing is a unique specialty and it's difficult to find resources applicable to your needs.

What is particularly helpful, is associating with your peers from across the country who have similar issues that you are confronting.

In addition to the substantive material there is a great opportunity to see and experience Las Vegas in all of its many lighted colors and architectures.

See you in Las Vegas NV in 2010!