

# Town Clerk Topics

## Online Payments

General Municipal Law § 5-b, authorizes local governments to accept certain payments via a municipal internet website or the website of a third-party vendor that has contracted with the municipality to receive such payments on its behalf. Prior to 2011, local governments did not have the authority to contract with a third-party vendor to accept online payments; however, the law was amended in 2011, allowing municipalities to contract with third-party vendors to offer

online payments through the vendor's website. In order to utilize a third-party vendor, there must be a contract in place between the town and the third-party vendor that sets forth that the vendor will accept municipal payments through its website.

Such payments may be collected "in a manner and condition" defined by the local government, but any method of payment must comply with the State Technology Law (particularly governing use of electronic signatures and protection of personal privacy). At a minimum, the method used to receive Internet payments must authenticate the identity of the sender, ensure the security of the information transmitted and provide a confirmation page to the taxpayer upon payment (if the online transaction is for the payment of taxes).

So, what payments can be accepted through a municipal website or through a third-party vendor's website? General Municipal Law § 5-b and Real Property Tax Law § 925-c enable a town board to authorize, by local law or resolution, the payment of taxes over the Internet. When a resident is paying taxes through a website, a confirmation page must be provided that includes:

- The date the Internet transaction was completed and sent by the taxpayer;
- The amount paid
- A unique confirmation number; and
- A notice advising the taxpayer to print out and retain the confirmation page as his or her receipt.

Additionally, General Municipal Law § 5-b authorizes a town to accept payments of penalties, rents, rates, taxes, fees, charges, financial obligations, special assessments and interest via a municipal Internet website or a third-party vendor website. Note that the town is not required to accept online payments; rather, the discretion lies with the town board to offer this service to its residents.