

HB 1274 -- INTERCHANGE FEES FOR ELECTRONIC PAYMENT TRANSACTION

SPONSOR: Baker

This bill establishes the "Interchange Fee Prohibition Act". The bill defines several terms such as "acquirer bank", "clearance", "interchange fee", "issuer", "payment card network", "tax documentation", "processor" and "settlement".

Under the bill, an issuer, a payment card network, an acquirer bank or a processor will not receive or charge a merchant any interchange fee on the tax amount of an electronic payment transaction if the merchant indicates the tax amount as part of the authorization or settlement process for the electronic payment transaction. A merchant that does not transmit the tax amount data may submit tax documentation for the electronic payment transaction to the acquirer bank within 180 days after the date of the electronic payment transaction to receive credit as provided in the bill.

It is unlawful for an issuer, a payment card network, an acquirer bank, or a processor to alter or manipulate the computation and imposition of the interchange fees as specified in the bill. Further, a violation of the provisions in the bill results in a civil penalty of \$1,000 per electronic payment transaction and requires the issuer to refund the interchange fee calculated on the tax amount, to the merchant.