



State of Tennessee

PUBLIC CHAPTER NO. 218

SENATE BILL NO. 911

By Johnson, Tate

Substituted for: House Bill No. 1172

By Smith

AN ACT to amend Tennessee Code Annotated, Title 45 and Title 47, relative to payment cards.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 22, is amended by adding the following language as a new part:

47-22-401. As used in this part:

(1) "Credit card" means any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit;

(2) "Debit card":

(A) Means any card, or other payment code or device, issued or approved for use through a payment card network to debit an asset account, regardless of the purpose for which the account is established, whether authorization is based on signature, PIN, or other means;

(B) Includes a general-use prepaid card, as defined in 15 U.S.C. § 1693i-1(a)(2)(A); and

(C) Does not include paper checks;

(3) "Lease" means a transfer of the right to possession and use of a device for a term in return for consideration;

(4) "Merchant" means a person, located in this state, that is in the business of selling property or services and that accepts credit cards, debit cards, or other payment cards as payment for property or services sold; and

(5) "Other payment card":

(A) Means any stored-value card, smart card, gift card, or other similar device that enables a person to obtain property or services in a transaction with a merchant, the payment for which is initiated through a payment card network; and

(B) Does not include credit cards or debit cards.

47-22-402.

(a) Except as otherwise provided in subsection (b), any person that contracts with a merchant to lease a device that enables credit card, debit card, or other payment card processing shall ensure that the written contract between the payment processor and merchant clearly and conspicuously includes the following information:

(1) The cost to lease the device on a monthly basis;

(2) A reasonable approximation of the total cost to lease the device over the term of the lease calculated by multiplying the monthly lease cost by the term; provided, however, the total cost shall not include:

(A) Any obligation due a governmental body; or

(B) Any fees or charges incurred by the merchant due to the merchant's noncompliance with the terms of the contract;

(3) The minimum time period for which the device may be leased; and

(4) If an option to purchase the device is available:

(A) The total cost to purchase the device outright if the merchant were to purchase the device at the time the contract is entered into; or

(B) A toll-free telephone number that the merchant may use in order to learn the total cost to purchase the device outright or to buy out the lease agreement.

(b) The information required in subdivisions (a)(1)–(4) shall be either:

(1) Printed clearly and conspicuously on the written contract in at least fourteen-point bold font; or

(2) Handwritten clearly and conspicuously in an appropriately designated blank space on a preprinted form contract.

47-22-403. If a person fails to comply with § 47-22-402, the merchant may terminate the contract with the person to lease a device that enables credit card, debit card, or other payment card processing.

SECTION 2. If this act and SB 316 / HB 547 both become law, the code commission is requested to create one single part for both acts, remove redundant definitions in § 47-22-401, and redesignate sections accordingly.

SECTION 3. This act shall take effect January 1, 2016, the public welfare requiring it, and shall apply to agreements entered into or renewed on or after that date. This act shall not apply to agreements that are renewed via an automatic renewal provision if the agreement was initially entered into before January 1, 2016.

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PASSED: April 6, 2015



RON RAMSEY
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 20th day of April 2015



BILL HASLAM, GOVERNOR