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H.265

Introduced by Representative Headrick of Burlington

Referred to Committee on

Date:

Subject: Municipalities; utilities; online payment; convenience fees prohibited

Statement of purpose of bill as introduced: This bill proposes to prohibit a municipal utility from imposing a convenience fee on utility bills paid through an online payment method.

An act relating to prohibiting the imposition of convenience fees on online municipal utility payments

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. SHORT TITLE

This act shall be known and may be cited as the “Fair Access to Online Utility Payment Act.”

Sec. 2. FINDINGS AND INTENT

(a) The General Assembly finds that:

(1) Online payment methods provide a convenient, accessible, and efficient way for ratepayers to pay municipal utility bills.

1 (2) Processing and convenience fees charged for online payments create
2 barriers for ratepayers, particularly for low-income individuals, and discourage
3 the use of electronic payment methods.

4 (3) Municipalities are able to integrate the costs of online payment
5 systems into their general operating expenses without unfairly burdening
6 ratepayers.

7 (b) It is the intent of the General Assembly to promote equitable access to
8 online payment systems, ensure transparency and accountability in municipal
9 finances, and encourage adoption of cost-efficient online payment solutions.

10 Sec. 3. 24 V.S.A. § 1585 is added to read:

11 § 1585. PROHIBITION OF CONVENIENCE FEES FOR ONLINE

12 PAYMENTS

13 (a) A municipality shall not impose a processing fee, convenience fee,
14 surcharge, or other additional cost on a ratepayer for paying a municipal utility
15 bill or other fee through an electronic payment method, including an online
16 portal, mobile application, or credit card transaction.

17 (b) The prohibition in subsection (a) of this section shall apply regardless
18 of whether the municipality contracts with a third-party service provider to
19 facilitate online payments.

1 (c) Notwithstanding any provision of law to the contrary, a municipality
2 shall absorb any costs associated with providing online utility payment options
3 into the municipality’s general operating expenses.

4 (d) A municipality shall include in its annual budget a disclosure of the
5 costs associated with online payment systems and identify any rate increases
6 directly attributable to covering these costs. A rate increase resulting from the
7 cost of providing an online payment system shall be directly proportional to
8 the actual costs incurred for such system.

9 (e) As used in this section, a “utility” means an electric, water, wastewater,
10 or communications retail service provider.

11 Sec. 4. 32 V.S.A. § 583 is amended to read:

12 § 583. CREDIT CARD PAYMENTS

13 * * *

14 (e) A municipality that accepts electronic payments for providing electric,
15 water, wastewater, or communications service shall not impose a processing
16 fee, convenience fee, surcharge, or other additional cost on the payer for the
17 use of such electronic payment method. A municipality shall provide
18 justification for a proposed rate increase resulting from the cost of an
19 electronic payment system in its annual financial report.

1 Sec. 5. ENCOURAGEMENT OF EFFICIENCY IN ONLINE PAYMENT
2 SYSTEMS

3 (a) The State Treasurer shall provide guidance and support to
4 municipalities for negotiating cost-effective terms with third-party payment
5 processors and explore fee-free payment methods such as Automated Clearing
6 House (AHC) transfers.

7 (b) The Secretary of State or designee, in consultation with the State
8 Treasurer and the Vermont League of Cities and Towns, shall design a grant
9 program to assist municipalities with the transition to modern, cost-efficient
10 online payment systems. On or before December 15, 2025, the Secretary's
11 findings and recommendations for such grant program shall be submitted in
12 writing to the Senate Committees on Finance and on Government Operations
13 and to the House Committees on Energy and Digital Infrastructure and on
14 Government Operations and Military Affairs.

15 Sec. 6. EFFECTIVE DATE

16 This act shall take effect on July 1, 2025.