

1 S.316

2 Introduced by Senators Perchlik, Gulick, Major, Plunkett and Watson

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; consumer protection

6 Statement of purpose of bill as introduced: This bill proposes to prohibit credit
7 card fees on the portion of a transaction attributable to a tax or gratuity.

8 An act relating to credit card fees

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

10 Sec. 1. 9 V.S.A. chapter 63, subchapter 4A is added to read:

11 Subchapter 4A. Credit Card Fees on Taxes and Gratuities

12 § 2480s. PROHIBITION ON FEES

13 (a) Definitions. As used in this subchapter:

14 (1) “Electronic payment transaction” or “transaction” means a
15 transaction in which a person uses a debit card, credit card, or other payment
16 code or device issued or approved through a payment card network to debit a
17 deposit account or use a line of credit, whether authorization is based on a
18 signature, a personal identification number, or other means.

1 (2) “Gratuity” means:

2 (A) a voluntary monetary contribution received by a merchant from a
3 guest, patron, or customer for services rendered; and

4 (B) an automatic service fee received by a merchant from a guest,
5 patron, or customer for services rendered that is intended to replace the need
6 for a voluntary monetary contribution pursuant to subdivision (A) of this
7 subdivision (2).

8 (3) “Interchange fee” means a fee established, charged, or received by a
9 payment card network for the purpose of compensating the issuer for its
10 involvement in an electronic payment transaction.

11 (4) “Issuer” means a person that issues a debit card or a credit card.

12 (5) “Merchant” means a person that collects and remits a tax.

13 (6) “Payment card network” means an entity that:

14 (A) directly or through licensed members, processors, or agents,
15 provides the proprietary services, infrastructure, and software that route
16 information and data to facilitate transaction authorization, clearance, and
17 settlement; and

18 (B) merchants are required to access in order to accept a specific
19 brand of general-purpose credit cards, charge cards, debit cards, or stored-
20 value cards as payment for goods and services.

1 (7) “Processor” means an entity that facilitates, services, processes, or
2 manages a debit card or credit card authorization, billing, transfer, payment
3 procedures, or settlement with respect to an electronic payment transaction.

4 (8) “Tax” means any State or local sales, use, or excise tax imposed by
5 law and collected by the merchant at the point of sale.

6 (b) Prohibited fees. A payment card network shall not directly or indirectly
7 through an agent, issuer, acquirer bank, processor, fee schedule, contract,
8 requirement, condition, penalty, technological specification, or inducement:

9 (1) establish, charge, or publish any interchange fee that is calculated as
10 a percentage of a transaction amount if that amount includes any portion
11 attributable to tax or gratuity; or

12 (2) apply any surcharge or increase to the portion of a transaction not
13 attributable to tax or gratuity in an effort to offset the exclusion of such tax or
14 gratuity.

15 (c) Enforcement and penalties.

16 (1) A payment card network shall be liable for a civil penalty of
17 \$1,000.00 per transaction that violates this subchapter.

18 (2) A merchant whose rights under this subchapter have been violated
19 may maintain a civil action for damages or equitable relief, including
20 attorney’s fees, if any.

1 (3) A violation of this section shall be deemed a violation of section
2 2453 of this title. The Attorney General shall have the same authority to
3 conduct civil investigations, enter into assurances of discontinuance, and bring
4 civil actions as provided under subchapter 1 of this chapter.

5 (d) Severability. If any provision of this subchapter or its application to
6 any person or circumstance is held invalid, the invalidity does not affect other
7 provisions or applications of this subchapter that can be given effect without
8 the invalid provision or application, and, to this end, the provisions of this
9 subchapter are severable.

10 Sec. 2. EFFECTIVE DATE

11 This act shall take effect on July 1, 2026.