

1 H.317

2 Introduced by Representatives Casey of Montpelier, Birong of Vergennes,
3 Cooper of Pownal, Duke of Burlington, Galfetti of Barre Town,
4 Greer of Bennington, Headrick of Burlington, Hooper of
5 Randolph, Hooper of Burlington, Maguire of Rutland City,
6 Masland of Thetford, Morris of Springfield, Ode of Burlington,
7 Pinsonault of Dorset, Sibilia of Dover, Squirrell of Underhill,
8 Toof of St. Albans Town, Waszazak of Barre City, and
9 Yacovone of Morristown

10 Referred to Committee on

11 Date:

12 Subject: Commerce and trade; credit card fees

13 Statement of purpose of bill as introduced: This bill proposes to prohibit credit
14 card fees on the amount of a transaction that is tax or gratuity.

15 An act relating to credit card fees on taxes and gratuities

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

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

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

19 § 2480s. PROHIBITION ON FEES

20 (a) As used in this subchapter:

1 (1) “Acquirer bank” means a member of a payment card network that
2 contracts with a merchant either directly or indirectly through a processor for
3 the settlement of electronic payment transactions.

4 (2) “Electronic payment transaction” or “transaction” means a
5 transaction in which a person uses a debit card, credit card, or other payment
6 code or device issued or approved through a payment card network to debit a
7 deposit account or use a line of credit, whether authorization is based on a
8 signature, a personal identification number, or other means.

9 (3) “Gratuity” means:

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

12 (B) an automatic service fee received by a merchant from a guest,
13 patron, or customer for services rendered that is intended to replace the need
14 for a voluntary monetary contribution pursuant to subdivision (A) of this
15 subdivision (3).

16 (4) “Interchange fee” means a fee established, charged, or received by a
17 payment card network for the purpose of compensating the issuer for its
18 involvement in an electronic payment transaction.

19 (5) “Issuer” means a person who issues a debit card or a credit card.

20 (6) “Merchant” means a person that collects and remits a tax.

1 (7) “Payment card network” means an entity that directly or through
2 licensed members, processors, or agents provides the proprietary services,
3 infrastructure, and software that route information and data to facilitate
4 transaction authorization, clearance, and settlement, and that merchants are
5 required to access in order to accept a specific brand of general-purpose credit
6 cards, charge cards, debit cards, or stored-value cards as payment for goods
7 and services.

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

11 (b) Requirements.

12 (1) With respect to transactions involving a merchant and subject to the
13 restrictions set forth in subdivision (2) of this subsection, no issuer, payment
14 card network, acquirer bank, or processor shall charge or collect from a
15 merchant an interchange fee on the amount of the transaction that is a:

16 (A) tax; or

17 (B) gratuity.

18 (2)(A) A merchant shall transmit the amount of a transaction that is tax
19 and gratuity to the acquirer bank, payment card network, issuer, or any
20 designee of the foregoing as part of the transaction’s authorization or
21 settlement process.

1 (B) An acquirer bank, payment card network, issuer, or any designee
2 of the foregoing that does not receive from a merchant the amount of a
3 transaction that is tax and gratuity as part of the transaction's authorization or
4 settlement process pursuant to subdivision (A) of this subdivision (2) may
5 charge the merchant an interchange fee on the entire transaction.

6 (C) A merchant that does not transmit the amount of a transaction
7 that is tax and gratuity to the acquirer bank, payment card network, issuer, or
8 any designee of the foregoing as part of the transaction's authorization or
9 settlement process pursuant to subdivision (A) of this subdivision (2) may
10 submit tax documentation showing the tax and gratuity amount of the
11 transaction to the acquirer bank or its designee not later than 180 days after the
12 transaction.

13 (D) An acquirer bank, payment card network, issuer, or any designee
14 of the foregoing that receives tax documentation from a merchant pursuant to
15 subdivision (C) of this subdivision (2) shall, not later than 30 days after
16 receiving the tax documentation, credit the merchant for the amount in
17 interchange fees that were collected on the tax and gratuity amount of the
18 transaction.

19 (3) A merchant that submits an amount of tax or gratuity of a transaction
20 that is inaccurate shall provide the acquirer bank, payment card network,
21 issuer, or any designee of the foregoing with the corrected amount not later

1 than 30 days after the merchant receives notice that the amount was inaccurate.

2 If the corrected amount of a transaction that is tax and gratuity:

3 (A) is greater than what was reported by the merchant, the acquirer
4 bank, payment card network, issuer, or any designee of the foregoing shall
5 credit the merchant the difference in interchange fees between then amount
6 originally reported by the merchant and the corrected amount subsequently
7 reported by the merchant; or

8 (B) is less than what was reported by the merchant, the merchant
9 shall credit the acquirer bank, payment card network, issuer, or any designee of
10 the foregoing the difference in interchange fees between the amount originally
11 reported by the merchant and the corrected amount subsequently reported by
12 the merchant.

13 (4) It shall be unlawful for an issuer, payment card network, acquirer
14 bank, or processor to alter or manipulate an interchange fee of a transaction in
15 an effort to circumvent the effects of this section.

16 (c) Penalties. The following penalties shall apply to violations of this
17 subchapter:

18 (1) Any issuer, payment card network, acquirer bank, or processor found
19 to have violated this section shall be liable for a civil penalty of \$1,000.00 per
20 transaction.

1 (2) Any merchant whose rights under this subchapter have been violated
2 may maintain a civil action for damages or equitable relief as provided for in
3 this section, including attorney’s fees, if any.

4 (3) A violation of this section shall be deemed a violation of section
5 2453 of this title. The Attorney General has the same authority to conduct civil
6 investigations, enter into assurances of discontinuance, and bring civil actions
7 as provided under subchapter 1 of this chapter.

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

13 Sec. 2. EFFECTIVE DATE

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