

1 S.135

2 Introduced by Senator Perchlik

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 amount of a transaction that is tax or gratuity and to require
8 retailers to accept cash for all transactions under \$500.00.

9 An act relating to credit card fees and requiring the acceptance of cash

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

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

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

13 § 2480s. PROHIBITION ON FEES

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

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

18 (2) “Electronic payment transaction” or “transaction” means a
19 transaction in which a person uses a debit card, credit card, or other payment
20 code or device issued or approved through a payment card network to debit a

1 deposit account or use a line of credit, whether authorization is based on a
2 signature, a personal identification number, or other means.

3 (3) “Gratuity” means:

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

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

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

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

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

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

1 (8) “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 (b) Requirements.

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

9 (A) tax; or

10 (B) gratuity.

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

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

20 (C) A merchant that does not transmit the amount of a transaction
21 that is tax and gratuity to the acquirer bank, payment card network, issuer, or

1 any designee of the foregoing as part of the transaction's authorization or
2 settlement process pursuant to subdivision (A) of this subdivision (2) may
3 submit tax documentation showing the tax and gratuity amount of the
4 transaction to the acquirer bank or its designee not later than 180 days after the
5 transaction.

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

12 (3) A merchant that submits an amount of tax or gratuity of a transaction
13 that is inaccurate shall provide the acquirer bank, payment card network,
14 issuer, or any designee of the foregoing with the corrected amount not later
15 than 30 days after the merchant receives notice that the amount was inaccurate.

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

17 (A) is greater than what was reported by the merchant, the acquirer
18 bank, payment card network, issuer, or any designee of the foregoing shall
19 credit the merchant the difference in interchange fees between then amount
20 originally reported by the merchant and the corrected amount subsequently
21 reported by the merchant; or

1 (B) is less than what was reported by the merchant, the merchant
2 shall credit the acquirer bank, payment card network, issuer, or any designee of
3 the foregoing the difference in interchange fees between the amount originally
4 reported by the merchant and the corrected amount subsequently reported by
5 the merchant.

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

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

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

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

17 (3) A violation of this section shall be deemed a violation of section
18 2453 of this title. The Attorney General has the same authority to conduct civil
19 investigations, enter into assurances of discontinuance, and bring civil actions
20 as provided under subchapter 1 of this chapter.

1 Sec. 2. 9 V.S.A. § 2466d is added to read:

2 § 2466d. CASHLESS BUSINESSES; PROHIBITION

3 (a) A seller or lessor who offers goods or services to consumers shall not
4 refuse to accept cash as a method of payment unless the transaction exceeds
5 \$500.00.

6 (b) A person who violates this section commits an unfair practice in
7 commerce in violation of section 2453 of this title.

8 Sec. 3. EFFECTIVE DATE

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