

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB607**

**Amendment Number: As Engrossed 3/7/13 (Am. #S-1)**

**Bill Subtitle: TO CREATE THE ELECTRONIC PAYMENT TRANSACTION PROTECTION ACT; TO PROHIBIT THE COLLECTION OF INTERCHANGE FEES ON CERTAIN TAXES AND FEES; AND TO DECLARE AN EMERGENCY.**

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### **Basic Change :**

Senator J. Hutchinson

The bill as originally submitted created prohibits the collection of interchange fees on certain state and local taxes and fees. As engrossed 3/7/13, the bill adds a new subsection clarifying that the fees charged by vendors for direct tax payments to state or local governments are not subject to the limitations of this bill.

Interchange fees are defined as a fee established, charged, or received by a payment card network to compensate an issuer for its involvement in an electronic payment transaction. An electronic payment transaction is defined as occurring when a person uses a debit card, credit card or other payment code or device, issued or approved through a payment card network. Issuer means a person who issues a debit card or credit card or the agent of a person who issues a debit card or credit card. Taxes or fees to be excluded from the imposition of an interchange fee are defined as either: "A tax or fee levied by a state or local government that is calculated as a percentage of the electronic payment transaction amount and listed separately on a payment invoice or other demand for payment" or, "A tax levied under the Motor Fuel Tax Law or the Special Motor Fuels Law.

### **Revenue Impact :**

This bill should not have any direct revenue impact on state revenues.

### **Taxpayer Impact :**

None

### **Resources Required :**

None.

### **Time Required :**

Adequate time provided.

### **Procedural Changes :**

This will require merchants to exclude the named taxes or taxes calculated as a part of a transaction from the imposition of Interchange Fees when the transaction is paid with a credit card.

### **Other Comments :**

DFA allows taxes, fees, and Child Support payments due for direct DFA obligations to be paid by credit card. This is a convenience to our taxpayers, and in response to taxpayer requests to use credit cards in State Revenue Offices, and over the Internet to pay state tax, and fee obligations. Amendment 1 clarifies that the fees charged by vendors for these direct tax payments to state or local governments are not subject to the limitations of this bill. DFA does not charge these fees, and there is no requirement that taxpayers pay with a credit card. The credit card payment option is offered as a convenience.

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### **Legal Analysis :**

Amendment S1 to SB607 provides that Subchapter 2 of Subtitle 19 of Title 26 as created by the bill will not affect the amount of an interchange fee that may be established, charged, or received by a third party for authorizing the payment of state and local taxes, fees, child support, costs, fines, or any other payment to state and local government. This amendment addresses concerns raised by DFA regarding the original version of the bill that the bill could prevent interchange or other fees from being charged by third parties to compensate them for their involvement in the electronic payment of taxes, fees and child support administered and collected by our agency and could result in payments no longer being accepted through credit or debit card. The amendment will allow DFA to continue to accept payment of taxes, child support, and other similar fees by credit and debit card as a convenience to the citizens of this state.