

# ALASKA STATE LEGISLATURE

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## Representative Bill Elam

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### **House Bill 171**

### **INTERCHANGE FEES: TAX & GRATUITY**

In an effort to reduce unnecessary costs for Alaska's small businesses, House Bill 171 addresses how interchange fees—commonly known as swipe fees—are applied to electronic transactions.

Right now, when a customer pays with a credit or debit card, businesses are charged fees on the entire amount of the transaction. This includes not only the cost of goods or services, but also any sales tax collected on behalf of the government and gratuity intended for employees. In both cases, that money is passed through the business and not retained as revenue, yet the business is still charged a fee for it.

HB 171 prohibits financial institutions from charging interchange fees on the tax and gratuity portions of a transaction when proper documentation is provided. It also allows businesses a reasonable window to submit that documentation after the transaction and receive a refund for any related fees. The bill includes penalties for violations and ensures payment data is used appropriately and securely.

This legislation helps ensure that small businesses aren't penalized for handling money they never keep. It provides a level of fairness and transparency in how fees are applied, without creating new programs or expanding state bureaucracy.

Alaska's business owners already face rising costs and tight margins. House Bill 171 offers targeted relief by removing a hidden cost that adds up over time—making a real difference for the many small businesses that power our local economies.