

ALASKA STATE LEGISLATURE

Session:

State Capitol Building,
Room 422
Juneau, AK 99801
Phone: (907) 465-3779



Interim:

145 Main Street Loop
Kenai, AK 99611
Phone: (907) 283-7223
Toll Free: 800-469-3779

Representative Bill Elam

DISTRICT 8

House Bill 171

INTERCHANGE FEES: TAX & GRATUITY

Sectional Analysis – Version A

Section 1 adds a new section

- a. Prohibits issuers, payment card networks, acquirer banks, or processors from receiving or charging merchants interchange fees on the tax or gratuity portion of an electronic payment transaction if proper documentation is provided during the authorization or settlement process.
- b. Allows merchants to submit tax or gratuity documentation up to 180 days after the transaction if it was not originally transmitted. The issuer must refund the merchant within 30 days of receiving this documentation.
- c. Clarifies that documentation may be for individual or multiple transactions, as long as it clearly shows total transaction amounts and tax or gratuity portions.
- d. States that payment card networks are not liable for the accuracy of the tax or gratuity documentation submitted by merchants.
- e. Prohibits raising interchange fees on the remaining (non-tax/gratuity) portion of a transaction to compensate for prohibited fees on tax or gratuity.
- f. Establishes a civil penalty of \$1,000 per violation and requires refunding the improper fee to the merchant.
- g. Restricts use of electronic payment transaction data to processing or legal requirements only, safeguarding data privacy.
- h. Defines key terms such as “acquirer bank,” “issuer,” “interchange fee,” “electronic payment transaction,” “settlement,” “tax,” and others for the purposes of this section

Section 2

Amends AS 45.50.471 (b) adding a new violation under the Act for misuse of electronic payment transaction data as described in section 1 (g)