

HOUSE BILL NO. 171

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE ELAM

Introduced: 4/2/25

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to interchange fees on tax and gratuity; and relating to the Alaska**
2 **Unfair Trade Practices and Consumer Protection Act."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 06.90 is amended by adding a new section to read:

5 **Sec. 06.90.020. Interchange fees on tax and gratuity.** (a) An issuer, payment
6 card network, acquirer bank, or processor may not receive or charge a merchant an
7 interchange fee on the tax or gratuity amount of an electronic payment transaction if
8 the merchant transmits tax or gratuity documentation to the acquirer bank or the
9 acquirer bank's designee as part of the authorization or settlement process for the
10 electronic payment transaction.

11 (b) A merchant that does not transmit the tax or gratuity documentation to an
12 acquirer bank or an acquirer bank's designee in accordance with (a) of this section may
13 submit tax or gratuity documentation to the acquirer bank or the acquirer bank's
14 designee for the electronic payment transaction not later than 180 days after the date

1 of the electronic payment transaction. Within 30 days after the merchant submits the
2 necessary tax or gratuity documentation, the issuer shall credit to the merchant the
3 amount of the interchange fee charged on the tax or gratuity amount of the electronic
4 payment transaction.

5 (c) A merchant transmits tax or gratuity documentation as required under (a)
6 and (b) of this section if the merchant provides the acquirer bank or the acquirer bank's
7 designee with documentation related to a single electronic payment transaction or
8 multiple electronic payment transactions over a period that is sufficient to determine
9 the total amount of the electronic payment transaction and amount of the tax, gratuity,
10 or both involved in the transaction.

11 (d) A payment card network is not liable for the accuracy of the tax or gratuity
12 documentation reported by a merchant.

13 (e) An issuer, payment card network, acquirer bank, or processor may not
14 increase the rate or amount of an interchange fee applicable to or imposed on the
15 portion of a debit or credit card transaction not attributable to a tax or gratuity to
16 compensate for the fee the issuer, payment card network, acquirer bank, or processor
17 does not receive from fees derived from taxes or gratuities.

18 (f) An issuer, payment card network, acquirer bank, processor, or other
19 designated entity that violates this section is subject to a civil penalty of \$1,000 for
20 each electronic payment transaction in violation. An issuer shall refund the merchant
21 the interchange fee calculated on the tax or gratuity amount of an electronic payment
22 transaction in violation of this section.

23 (g) An entity, other than a merchant, involved in facilitating or processing an
24 electronic payment transaction, including an issuer, payment card network, acquirer
25 bank, processor, or other designated entity, may only distribute, exchange, transfer,
26 disseminate, or use electronic payment transaction data to facilitate or process the
27 electronic payment transaction or as otherwise required by law.

28 (h) In this section,

29 (1) "acquirer bank" means a member of a payment card network that
30 contracts with a merchant

31 (A) directly for the settlement of electronic payment

1 transactions; or

2 (B) indirectly through a processor to process electronic
3 payment transactions;

4 (2) "clearance" means the process of transmitting final transaction data
5 from a merchant to an issuer for posting to the cardholder's account and the calculation
6 of interchange fees and other fees and charges that apply to the issuer and the
7 merchant;

8 (3) "electronic payment transaction" means a transaction in which a
9 person uses a debit card, credit card, or other payment code or device issued or
10 approved through a payment card network to debit a deposit account or use a line of
11 credit;

12 (4) "interchange fee" means a fee established, charged, or received by
13 a payment card network for the purpose of compensating the issuer for the issuer's
14 involvement in an electronic payment transaction;

15 (5) "issuer" means a person who issues a debit card or credit card or
16 the issuer's agent;

17 (6) "payment card network" means an entity that

18 (A) directly or through licensed members, processors, or
19 agents, provides the proprietary services, infrastructure, and software to route
20 information and data for the purpose of conducting an electronic payment
21 transaction authorization, clearance, and settlement; and

22 (B) a merchant uses to accept a brand of debit card, credit card,
23 or other device as a form of payment that may be used to carry out an
24 electronic payment transaction;

25 (7) "processor" means an entity that facilitates, services, processes, or
26 manages the debit or credit authorization, billing, transfer, payment procedures, or
27 settlement of an electronic payment transaction;

28 (8) "settlement" means the process of transmitting sales information to
29 the issuing bank for collection and reimbursement of funds to the merchant and
30 calculating and reporting the net transaction amount to the issuer and merchant after
31 clearance of an electronic payment transaction;

1 (9) "tax" means a sales, use, or excise tax imposed by the state or a
2 local government agency.

3 * **Sec. 2.** AS 45.50.471(b) is amended by adding a new paragraph to read:

4 (58) violating AS 06.90.020(g).