

34-LS0494\N
A. Radford
3/19/25

HOUSE CS FOR SENATE BILL NO. 79(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to interchange fees on tax and gratuity; relating to wage payments by**
2 **payroll card account; and relating to the Alaska Unfair Trade Practices and Consumer**
3 **Protection Act."**

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

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

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

12 (b) A merchant that does not transmit the tax or gratuity documentation to an
13 acquirer bank or an acquirer bank's designee in accordance with (a) of this section may
14 submit tax or gratuity documentation to the acquirer bank or the acquirer bank's

1 designee for the electronic payment transaction not later than 180 days after the date
2 of the electronic payment transaction. Within 30 days after the merchant submits the
3 necessary tax or gratuity documentation, the issuer shall credit to the merchant the
4 amount of the interchange fee charged on the tax or gratuity amount of the electronic
5 payment transaction.

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

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

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

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

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

29 (h) In this section,

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

1 (A) directly for the settlement of electronic payment
2 transactions; or

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

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

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

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

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

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

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

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

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

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

clearance of an electronic payment transaction;

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

* **Sec. 2.** AS 23.10.040(a) is amended to read:

(a) Except as otherwise provided by AS 23.10.044 and AS 37.25.050, an employer of labor performing services in this state shall pay the wages or other compensation for the services with lawful money of the United States or with negotiable checks, drafts, or orders payable upon presentation without discount by a bank or depository inside the state.

* **Sec. 3.** AS 23.10 is amended by adding a new section to read:

Sec. 23.10.044. Wage payment by credit to a payroll card account. (a) An employer may credit employee wages to a payroll card account if an employee has voluntarily authorized the credit or an employee has not authorized deposit of the employee's wages under AS 23.10.043.

(b) An employer paying an employee's wages by credit to a payroll card account shall notify the employee

(1) of the employee's wage payment options;

(2) of the payroll card terms and conditions, including a list of fees assessed by the payroll card issuer;

(3) of a cost-free method for the employee to access wages credited to the payroll card account;

(4) of a cost-free method for the employee to check the payroll card account balance; and

(5) that, in addition to fees assessed by the card issuer, the card may be subject to additional fees.

(c) A payroll card account must provide an employee

(1) at least one cost-free withdrawal each week or pay period, whichever is longer, in an amount up to the amount of the employee's net wages;

(2) an unlimited cost-free mechanism to check the payroll card account balance through an automated telephone system and an additional unlimited cost-free electronic mechanism to check payroll card account balances.

(d) An employer may not offer a payroll card account that charges fees for

(1) employee application for, initiation of, or participation in the payroll card account;

(2) issuance of an employee's initial payroll card and one replacement card each calendar year;

(3) transfer of employee wages or other compensation from the employer to the payroll card account;

(4) point-of-sale purchase transactions.

(e) An employer may not offer a payroll card account unless employee wages or other forms of compensation credited to the account are insured on a pass-through basis to the employee by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or another entity that insures bank deposits.

(f) This section does not limit the right of employees to bargain collectively through representatives of their own choosing to establish mechanisms for payment of wages in excess of the minimum requirements of this section.

(g) In this section,

(1) "payroll card" means a card or other device used by an employee to access the employee's wages from a payroll card account;

(2) "payroll card account" means an employee's account established through an employer to which the employer transfers the employee's wages or other compensation.

* **Sec. 4.** AS 45.50.471(b) is amended by adding a new paragraph to read:

(58) violating AS 06.90.020(g).