

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: 5/18/25
Referred: Finance

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) A payment card
7 network may not establish, receive, or charge a merchant an interchange fee on the tax
8 or gratuity amount of an electronic payment transaction if the merchant transmits tax
9 or gratuity documentation to the payment card network as part of the authorization or
10 settlement process for the electronic payment transaction.

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

1 Within 30 days after the merchant submits the necessary tax or gratuity
2 documentation, the payment card network shall credit to the merchant the amount of
3 the interchange fee charged on the tax or gratuity amount of the electronic payment
4 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 payment card network with
7 documentation related to a single electronic payment transaction or multiple electronic
8 payment transactions over a period that is sufficient to determine the total amount of
9 the electronic payment transaction and amount of the tax, gratuity, or both involved in
10 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) A payment card network may not increase the rate or amount of an
14 interchange fee applicable to or imposed on the portion of a debit or credit card
15 transaction not attributable to a tax or gratuity to compensate for interchange fee
16 amounts not collected on taxes or gratuities.

17 (f) A payment card network that violates this section is subject to a civil
18 penalty of \$1,000 for each electronic payment transaction in violation. A payment card
19 network shall refund the merchant the interchange fee calculated on the tax or gratuity
20 amount of an electronic payment transaction in violation of this section.

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

26 (h) Subsections (a) - (f) of this section do not apply to an issuer who, together
27 with affiliates, has consolidated worldwide banking and nonbanking assets, excluding
28 assets under trust management, of less than \$20,000,000,000, as of the end of the
29 preceding calendar year.

30 (i) In this section,

31 (1) "acquirer bank" means a member of a payment card network that

1 contracts with a merchant

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

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

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

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

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

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

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

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

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

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

30 (8) "settlement" means the process of transmitting sales information to
31 the issuing bank for collection and reimbursement of funds to the merchant and

1 calculating and reporting the net transaction amount to the issuer and merchant after
2 clearance of an electronic payment transaction;

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

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

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

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

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

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

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

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

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

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

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

27 (c) A payroll card account must provide an employee

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

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

1 electronic mechanism to check payroll card account balances.

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

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

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

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

9 (4) point-of-sale purchase transactions.

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

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

17 (g) In this section,

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

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

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

24 (58) violating AS 06.90.020(g).

25 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 SEVERABILITY. Under AS 01.10.030, if any provision of the Act, or the application
28 of the provision of this Act to any person or circumstance, is held invalid, the remainder of
29 this Act and the application to other persons or circumstances are not affected.