

HB

350

<TARGET><BILL>HB 350</BILL><SUBJECT>HB
350</SUBJECT><COMM>HL&C30</COMM></TARGET>

REPRESENTATIVE DAN ORTIZ

Alaska State Legislature / Ketchikan, Saxman, Wrangell, Hydaburg, Metlakatla, Hyder, Loring and Meyers Chuck

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MEMORANDUM

To: Representative Sam Kito, Chairman
House Labor & Commerce Committee

From: Representative Dan Ortiz
House Bill 350 Sponsor

Regarding: Hearing Request for HB 350

Date: February 19, 2018

A handwritten signature in blue ink, appearing to read "D. Ortiz".

I respectfully request a hearing date for HB 350 be put on the calendar for the House Labor and Commerce Committee. You have received the most recent version of the bill (Version A), as well as the sponsor statement and sectional analysis.

Thank you for your consideration to hear HB 350, "Automated Teller Machines: Fees." If you have questions or comments, the staff member working on this piece of legislation is Caroline Hamp. She can be reached at 465-3824 or Caroline.Hamp@AKLeg.gov.

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Sponsor Statement

House Bill 350, "Automate Teller Machines: Fees"

The intent of this bill is to allow retail automatic teller machines (ATMs) to charge a withdraw fee on transactions made by international bank card holders.

Currently, there is no legal requirement for independently owned ATMs to charge a fee on transactions made by international card holders. Our current law only pertains to ATMs owned by state-sponsored banks or credit unions, and does not include retail and individually owned ATMs. Because of this gap, retail ATMs cannot charge a withdraw fee on transactions from bank cards outside of the United States.

Alaska welcomes millions of visitors each year, with a large percentage of those visitors from out of the country. In the summer of 2016 alone, nearly 300,000 international visitors came to Alaska. Retail ATM owners cannot charge fees on these tourists' transactions. Often, in order to make up for that lost revenue, they increase their fee for those who do pay the surcharge fee, which leads to domestic card users paying a higher fee than international card users.

Multiple other state's have already passed laws to close this gap and allow retail ATM owners to charge a transaction fee to international card holders.

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Sectional Analysis **House Bill 350, "Automated Teller Machines: Fees"**

HB 350 is an addition to Alaska Statute 06.

Section 1: Allows a person who owns an automated teller machine to charge a fee when the transaction is from an account from an international financial institution.

Defines "automated teller machine"

Defines "international financial institution"

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: HB 350
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB350-DCCED-DBS-02-23-18
Title: AUTOMATED TELLER MACHINES: FEES
Sponsor: ORTIZ
Requester: (H) Labor & Commerce

Department: Department of Commerce, Community and
Economic Development
Appropriation: Banking and Securities
Allocation: Banking and Securities
OMB Component Number: 2808

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: <u>Kristy Naylor, Acting Director</u>	Phone: <u>(907)269-7675</u>
Division: <u>Banking and Securities</u>	Date: <u>02/23/2018</u>
Approved By: <u>Catherine Reardon, Director</u>	Date: <u>02/23/18</u>
Agency: <u>Division of Administrative Services, DCCED</u>	

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2018 LEGISLATIVE SESSION**

BILL NO. HB 350

Analysis

This bill will allow an individual or entity who owns an automated teller machine (ATM) to charge a fee to conduct a transaction accessing an account from an international financial institution. The Division of Banking and Securities does not currently regulate ATM fees. The bill does not require a change to regulations.

The Division of Banking and Securities does not anticipate fiscal impact from this legislation.

February 27th, 2018

By Electronic Mail

The Honorable Representative Dan Ortiz

Room 513 Capital Bldg.

Juneau, AK 99801

Rep.Dan.Ortiz@akleg.gov

RE: House Bill 350; Automated Teller Machines: Fees

Dear Representative Ortiz & Members of the Alaska Legislature:

I am writing on behalf of myself and the 74 locations my company serves in South East Alaska and Anchorage. I support house bill 350. It will provide a remedy for the current issue of ATM withdrawals using cards from foreign banks not paying a fee for the service.

Ketchikan and the rest of the State of Alaska have hundreds of thousands of visitors that come to our State with foreign cards and need to get US funds to tip local tour operators and make other small purchases. I have some locations that experience up to 40% of the transactions being from foreign banks. This translates into a higher surcharge needing to be charged at these locations to cover costs of offering free transactions to foreign cards while US citizens wind up paying higher surcharge to offset the costs of offering the service for free to foreign cards. I have often been asked by locations if these transactions can be blocked or denied. The answer I have been given by every card processor is that I cannot block transactions on specific cards or networks. The best remedy is to fix the law to require everybody to pay the same fees. House bill 350 is that remedy

If house bill 350 passes it will mean more income in the hands of ATM operators, larger commissions to locations, and more locations will become feasible to offer ATMs. ATMs offer a needed service to the tourism industry and the greater Alaskan economy. Over the years the amount of transactions processed on foreign cards has increased drastically.

House Bill 350 also addresses an issue of fairness. Without the Bill domestic customers pay higher prices due to the foreign card holders not having to pay for the service. ATMs offer a convenience to all customers and all customers should pay the same price for the service.

Thank you for your consideration,

Tony Gosnell, Owner

G.Games-Vending 6103 S. Tongass Hwy Ketchikan, AK 99901

February 27, 2018

From: Paul Thomas (ak_cache@me.com)

To: Caroline Hamp, Staff to Rep. Ortiz

Via: Email

I would like to show support for HB305 Automate Teller Machines: Fees.

This will help put the small individual retailers and operators of ATM on an even playing field with ATMs owned by state-sponsored banks or credit unions. As a small ATM operator in Juneau this will allow my business to do what banks are already doing, evenly charging both visitors and locals with the outcome being lower access fees for all. Since this is already being done in many states and Alaska by large banks allowing independent ATM operators the same privilege seems only logical. To be honest it feels like this should have been done when banks got the ok, and individual operators just got forgotten.

Paul Thomas

Owner: Alaska Cache Liquor
156 S Franklin St
Juneau, Alaska

ATM Operator 18 locations In Juneau