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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3027

03/14/2016 Authored by Davids

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to commerce; regulating interchange fees on electronic payment
1.3 transactions; providing penalties; proposing coding for new law in Minnesota
1.4 Statutes, chapter 325G.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[325G.053] DEFINITIONS.**

1.7 Subdivision 1. **Terms.** For purposes of sections 325G.053 to 325G.058, the terms in
1.8 this section have the meanings given them.

1.9 Subd. 2. **Electronic payment transaction.** "Electronic payment transaction" means
1.10 a transaction in which a person uses a debit card, credit card, or other payment code or
1.11 device, issued or approved through a payment card network to debit a deposit account or
1.12 use a line of credit, whether authorization is based on signature, personal identification
1.13 number, or other means.

1.14 Subd. 3. **Interchange fee.** "Interchange fee" means a fee established, charged, or
1.15 received by a payment card network for the purpose of compensating the issuer for its
1.16 involvement in an electronic payment transaction.

1.17 Subd. 4. **Issuer.** "Issuer" means a person issuing a debit card or credit card, or
1.18 the issuer's agent.

1.19 Subd. 5. **Payment card network.** "Payment card network" means an entity that:

1.20 (1) directly, or through licensed members, processors, or agents, provides the
1.21 proprietary services, infrastructure, and software that routes information and data to
1.22 conduct debit card or credit card transaction authorization, clearance, and settlement; and

1.23 (2) a merchant or seller uses in order to accept as a form of payment a brand of debit
1.24 card, credit card, or other device that may be used to carry out debit or credit transactions.

2.1 Subd. 6. **Settlement.** "Settlement" means the transfer of funds from a customer's
2.2 account to a seller or merchant upon electronic submission of finalized sales transactions
2.3 to the payment card network.

2.4 **Sec. 2. [325G.054] INTERCHANGE FEES; LIMITATION.**

2.5 The amount of any tax or fee imposed by state or local government that is calculated
2.6 as a percentage of an electronic payment transaction amount and listed separately on the
2.7 payment invoice or other demand for payment, or the amount of any fuel taxes imposed
2.8 under chapter 296A, must be excluded from the amount on which an interchange fee is
2.9 charged for that electronic payment transaction.

2.10 **Sec. 3. [325G.055] CIRCUMVENTION PROHIBITED.**

2.11 It is unlawful to alter or manipulate the computation and imposition of interchange
2.12 fees by increasing the rate or amount of fee applicable to or imposed upon that portion
2.13 of an electronic payment transaction not attributable to a state or local tax or fee to
2.14 circumvent the effect of section 325G.054.

2.15 **Sec. 4. [325G.056] DEDUCTION OR REBATE; SETTLEMENT PROCEDURE.**

2.16 A payment card network shall either deduct the amount of any tax or fee imposed as
2.17 described in section 325G.054 from the calculation of interchange fees specific to each
2.18 form or type of electronic payment transaction at the time of settlement or shall rebate an
2.19 amount of interchange fee proportionate to the amount attributable to the tax or fee. The
2.20 deduction or rebate shall occur at the time of settlement when the merchant or seller is able
2.21 to capture and transmit tax or fee amounts relevant to the sale at the time of sale as part
2.22 of the transaction finalization. If the merchant or seller is unable to capture and transmit
2.23 tax or fee amounts relevant to the sale at the time of sale, the payment card network
2.24 shall accept proof of tax or fee amounts collected on sales subject to an interchange fee
2.25 upon the submission of sales data by the seller or merchant and shall promptly credit the
2.26 merchant's or seller's settlement account.

2.27 **Sec. 5. [325G.057] PENALTY.**

2.28 A payment card network that violates any provision of sections 325G.053 to
2.29 325G.058 is subject to a civil penalty of not more than \$1,000 per violation, paid to the
2.30 plaintiff, and shall refund the surcharge to each seller or merchant.

2.31 **Sec. 6. [325G.058] INTERCHANGE FEES; COMPUTATION.**

3.1 The computation of an interchange fee established, charged, or received by a payment
3.2 card network for the purpose of compensating the issuer for its involvement in an electronic
3.3 payment transaction shall be governed by the provisions of sections 325G.053 to 325G.058.

3.4 Sec. 7. **EFFECTIVE DATE.**

3.5 Sections 1 to 6 are effective July 1, 2016, and apply to electronic payment
3.6 transactions processed on or after that date.