

SB 425 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 1/23

WHAT THE MEASURE DOES:

The measure prohibits a merchant from charging or collecting a fee when a person uses a credit or debit card to pay for goods or services if the merchant does not accept payment for goods or services in cash. Makes technical changes.

Fiscal impact: *May have fiscal impact, but no statement yet issued*

Revenue impact: *May have revenue impact, but no statement yet issued*

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Payment Card Interchange Fee and Merchant Discount Antitrust Litigation is a class-action lawsuit against Visa, Mastercard, and other financial institutions by merchants alleging violation of antitrust laws. Litigation began in 2005. Part of a settlement reached in 2013 permitted merchants to impose surcharges on consumers for their use of credit cards. Previously, Visa and Mastercard had a contractual no-surcharge policy. Other credit card companies seem to have followed the same path of ending contractual policies that prohibit merchants from imposing surcharges. However, some states impose a statutory prohibition on surcharges. For example, Connecticut prohibits the imposition of surcharges on any transaction.

Senate Bill 425 prohibits a merchant from charging or collecting a fee when a person uses a credit or debit card to pay for goods or services if the merchant does not accept payment for goods or services in cash.