



General Assembly

Substitute Bill No. 5489

February Session, 2024



AN ACT CONCERNING INTERCHANGE FEES ON ELECTRONIC PAYMENT TRANSACTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2024, and applicable to sales*
2 *occurring on or after October 1, 2024*) (a) As used in this section:

3 (1) "Credit card" has the same meaning as provided in section 53a-
4 128a of the general statutes;

5 (2) "Debit card" means any card, code, device or other means of
6 access, or any combination thereof, that is issued or authorized for use
7 to debit an asset account held directly or indirectly by a financial
8 institution and that may be used by the cardholder to obtain money,
9 goods, services or anything else of value, regardless of whether the card,
10 code, device or other means of access, or any combination thereof, is
11 known as a debit card. "Debit card" includes a general-use prepaid card,
12 as defined in 15 USC 1693l-1, as amended from time to time;

13 (3) "Electronic payment transaction" means a transaction in which a
14 purchaser uses a payment card or other payment code or device issued
15 or approved through a payment card network to debit an asset account
16 or use a line of credit, whether authorization is based on a signature,
17 personal identification number or other means;

18 (4) "Interchange fee" means a fee charged to a retailer, as defined in
19 section 12-407 of the general statutes, for the purpose of compensating
20 the financial institution or other entity that issued the payment card for
21 such institution's or entity's involvement in the electronic payment
22 transaction;

23 (5) "Payment card" means a credit card, debit card or other card, code,
24 device or other means of access that is issued to an authorized user to
25 obtain money, goods, services or anything else of value;

26 (6) "Payment card network" means an entity that (A) directly or
27 through licensed members, processors or agents provides the
28 proprietary services, infrastructure and software that routes
29 information and data to conduct payment card transaction
30 authorizations, clearance and settlements, and (B) is used by a retailer
31 to accept as a form of payment a brand of payment card that may be
32 used to carry out electronic payment transactions; and

33 (7) "Settlement" means the transfer of funds from a purchaser's
34 account to a retailer upon electronic submission of finalized sales
35 transactions to the payment card network.

36 (b) (1) Each payment card network shall exclude from the amount on
37 which an interchange fee is charged the amount of tax imposed under
38 chapter 219 of the general statutes on a transaction that is an electronic
39 payment transaction.

40 (2) Each payment card network shall (A) deduct the amount of such
41 tax from the calculation of interchange fees specific to each electronic
42 payment transaction at the time of settlement, or (B) rebate an amount
43 of interchange fee proportionate to the amount attributable to such tax.
44 If the retailer is able to capture and transmit the amount of tax relevant
45 to the sale at the time of sale as part of the transaction finalization, such
46 deduction or rebate shall occur at the time of settlement. If the retailer is
47 unable to capture and transmit such information at the time of sale, the
48 retailer may submit to the payment card network, and the payment card
49 network shall accept as proof, sales data showing the amount of such

50 tax collected on sales subject to an interchange fee, and the payment card
51 network shall promptly credit the retailer's settlement account.

52 (c) If a payment card network violates any provision of this section,
53 the Attorney General may bring an action against such payment card
54 network in the superior court for the judicial district of Hartford,
55 seeking (1) imposition and recovery of a civil penalty of not more than
56 one thousand dollars for each violation, and (2) a refund to retailers of
57 the amount of any interchange fees imposed in violation of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024, and applicable to sales occurring on or after October 1, 2024</i>	New section

FIN *Joint Favorable Subst.*