

By the Committees on Commerce and Tourism; and Banking and Insurance; and Senator Hutson

577-03479-23

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1 A bill to be entitled  
2 An act relating to interchange fees on taxes; creating  
3 s. 501.0119, F.S.; defining terms; providing  
4 applicability; prohibiting issuers, payment card  
5 networks, acquirer banks, and processors from  
6 receiving or charging merchants interchange fees on  
7 the tax amounts of electronic payment transactions if  
8 the merchant provides certain information in a  
9 specified manner; requiring an issuer to credit a  
10 merchant the amount of interchange fees on taxes  
11 within a certain timeframe if the merchant meets  
12 certain conditions; providing a civil penalty;  
13 providing an effective date.

14  
15 Be It Enacted by the Legislature of the State of Florida:

16  
17 Section 1. Section 501.0119, Florida Statutes, is created  
18 to read:

19 501.0119 Interchange fees on taxes prohibited.—

20 (1) As used in this section, the term:

21 (a) "Acquirer bank" means a member of a payment card  
22 network which contracts with a merchant for the settlement of  
23 electronic payment transactions. An acquirer bank may contract  
24 directly with merchants or indirectly through a processor to  
25 process electronic payment transactions.

26 (b) "Authorization" means the process through which a  
27 merchant requests approval for an electronic payment transaction  
28 from the issuer.

29 (c) "Clearance" means the process of transmitting final

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30 transaction data from a merchant to an issuer for posting to the  
31 cardholder's account and the calculation of fees and charges,  
32 including interchange fees, which apply to the issuer and  
33 merchant.

34 (d) "Credit card" means a card, plate, coupon book, or  
35 other credit device existing for the purpose of obtaining money,  
36 property, labor, or services on credit.

37 (e) "Debit card":

38 1. Means a card, or other payment code or device, issued or  
39 approved for use through a payment card network to debit an  
40 asset account, regardless of the purpose for which the account  
41 is established, whether authorization is based on a signature, a  
42 personal identification number, or other means;

43 2. Includes a general-use prepaid card, as defined in 15  
44 U.S.C. s. 16931-1; and

45 3. Excludes paper checks.

46 (f) "Electronic payment transaction" means a transaction in  
47 which a person uses a debit card, credit card, or other payment  
48 code or device issued or approved through a payment card network  
49 to debit a deposit account or use a line of credit, whether  
50 authorization is based on a signature, a personal identification  
51 number, or other means.

52 (g) "Interchange fee" means a fee established, charged, or  
53 received by a payment card network for the purpose of  
54 compensating the issuer for its involvement in an electronic  
55 payment transaction.

56 (h) "Issuer" means a person issuing a debit card or credit  
57 card or the issuer's agent.

58 (i) "Merchant" has the same meaning as the term "dealer" in

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59 s. 212.06(2).

60 (j) "Payment card network" means an entity:

61 1. That directly or through licensed members, processors,  
62 or agents provides the proprietary services, infrastructure, and  
63 software that route information and data to conduct electronic  
64 payment transaction authorization, clearance, and settlement;  
65 and

66 2. That a merchant uses to accept as a form of payment a  
67 brand of debit card, credit card, or other device that may be  
68 used to carry out electronic payment transactions.

69 (k) "Processor" means an entity that facilitates, services,  
70 processes, or manages the debit or credit authorization,  
71 billing, transfer, payment procedures, or settlement with  
72 respect to any electronic payment transaction.

73 (l) "Settlement" means the process of transmitting sales  
74 information to the issuing bank for collection and reimbursement  
75 of funds to the merchant and calculating and reporting the net  
76 transaction amount to the issuer and merchant for an electronic  
77 payment transaction that is cleared.

78 (m) "Tax" means all taxes and fees levied under chapter 212  
79 and s. 125.0104.

80 (n) "Tax documentation" means documentation sufficient for  
81 the payment card network to determine the total amount of the  
82 electronic payment transaction and the tax amount of such  
83 transaction. Tax documentation may be related to a single  
84 electronic payment transaction or multiple electronic payment  
85 transactions aggregated over a period of time. Examples of tax  
86 documentation include, but are not limited to, invoices,  
87 receipts, journals, ledgers, and tax returns filed with the

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88 Department of Revenue or local taxing authorities.

89 (2) This section does not apply to an electronic payment  
90 transaction in which the tax amount is not separately stated on  
91 the consumer's payment invoice, sales slip, or other evidence of  
92 sale as required under s. 212.07(2).

93 (3) Except as provided in subsection (2), an issuer, a  
94 payment card network, an acquirer bank, or a processor may not  
95 receive or charge the merchant any interchange fees on the tax  
96 amount of an electronic payment transaction if the merchant  
97 informs the acquirer bank or its designee of such tax amount as  
98 part of the authorization process for the electronic payment  
99 transaction. A merchant must transmit the tax amount data as  
100 part of the authorization process to avoid being charged  
101 interchange fees on the tax amount of an electronic payment  
102 transaction.

103 (4) A merchant that does not transmit the tax amount data  
104 in accordance with subsection (3) may submit tax documentation  
105 for the electronic payment transaction to the acquirer bank or  
106 its designee no later than 180 days after the date of the  
107 electronic payment transaction, and within 30 days, the issuer  
108 must credit to the merchant the amount of interchange fees  
109 charged on the tax amount of the electronic payment transaction.

110 (5) An issuer, a payment card network, an acquirer bank, a  
111 processor, or other designated entity that has received the tax  
112 amount data and violates this section is subject to a civil  
113 penalty of \$1,000 per electronic payment transaction, and the  
114 issuer must refund the merchant the interchange fee calculated  
115 on the tax amount relative to the electronic payment  
116 transaction.

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Section 2. This act shall take effect October 1, 2023.