

The background of the image is a nighttime cityscape, likely New York City, featuring a suspension bridge with green lights and a skyline of illuminated buildings. The sky is dark blue with several bright blue light trails streaking across it. In the center, the letters 'ETA' are rendered in a large, bold, white sans-serif font. A white swoosh starts above the 'A', curves over the top of the 'A', and ends as a dark blue arrow pointing towards the right side of the 'A'.

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State legislative concerns

State legislative issues fall into two distinct categories

Perceived “bad” behavior on the part of the various players in the processing relationship

MLS

ISO

Processor

Card Association or Card Issuer policies and procedures

Customer vs. Supplier?

What is a merchant? Customer or Supplier?

“Due to competitive pressure, we are raising the cost of interchange.”

While most merchants think of themselves as a customer of the card brands, they are, in reality, a “supplier of transactions to the card system.” As a supplier, their position in the conversation about price is much different than if they were a customer.

New York gift card escrow account

New York state introduced a bill that would require all merchant gift card programs to place money collected from gift card/certificate programs into an escrow account to provide a consumer collection solution if a retailer goes out of business.

Arkansas ETF Law

Arkansas now has a law that requires any merchant processing ETF to be capped at \$50.

“...Schulte, who is completing her third and final term in the state Congress, said she was prompted to introduce the bill by complaints she had received from area merchants about contract disclosures that were difficult to read (even using my bifocals) and about steep contract termination fees. Many of the contracting companies were from out of state”

Green Sheet, June 7, 2007

“Interchange” fee limits

- Some states have also attempted to limit the cost of “interchange”

Tennessee

Legislation introduced that would limit the card issuer to charging merchant no more than 0.75% per transaction for ALL processing fees

Washington

Legislation introduced to prohibit financial institutions from charging interchange fees that are more than 1.5% of the transaction

New York sales tax collection

New York introduced legislation that would have required the credit card “issuer” to collect, and remit to the state, the portion of each transaction related to sales tax.

Minnesota “PCI” law

No person or entity conducting business in Minnesota that accepts credit or debit cards shall retain the card security code data, the PIN verification code number, or the full contents of any track of magnetic stripe data, subsequent to the authorization of the transaction or in the case of a PIN debit transaction, subsequent to 48 hours after authorization of the transaction...

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No person or entity conducting business in Minnesota that accepts credit or debit cards shall retain the card security code data, **the PIN verification code number**, or the full contents of any track of magnetic stripe data, subsequent to the authorization of the transaction or in the case of a **PIN debit transaction, subsequent to 48 hours after authorization of the transaction...**

Nevada PCI law

As of January 1, 2010, Nevada will require businesses to use encryption technology for personal information when it is moved beyond the physical control of the business. The law also mandates compliance with the PCI-DSS rules for merchants who accept payment cards. Merchants who are not compliant would be responsible for the issuer's cost for replacing cards. It does include a "safe harbor" for PCI compliant business.

Sales tax & interchange

In 2007, numerous states attempted to prohibit the collection of “merchant fees” including interchange from the portion of the transaction relating to sales tax

Indiana

Florida

Kentucky

Nebraska

Nevada

New York

Washington

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What can we do about it?

Resist the urge to implement draconian or arbitrary policies

Reach out to state level organizations and participate in the discussions during the beginning stages of bill writing and legislation introduction

State chambers or business groups

Bank or Credit Union groups

State retail associations

A nighttime photograph of a city skyline, likely New York City, with a suspension bridge in the foreground. The city lights are reflected in the water. Several bright blue light trails streak across the dark sky from the top left towards the right.

“Government is too big and too important to be left to politicians”

Chester Bowles, US diplomat & economist

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A nighttime photograph of a city skyline, likely New York City, featuring a suspension bridge with green lights and a cityscape with various skyscrapers illuminated. The scene is reflected in the water in the foreground.

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