

SUBJECT: Convenience fees for use of electronic fund terminals

COMMITTEE: Financial Institutions — favorable, without amendment

VOTE: 6 ayes — Marchant, Carona, Elkins, Giddings, Patterson, Romo

0 nays

3 absent — Grusendorf, Gutierrez, Hudson

SENATE VOTE: On final passage, March 9 — voice vote

WITNESSES: None

DIGEST: SB 661 would permit the owners of electronic terminals (point-of-sale terminals, unmanned teller or cash dispensing machines) located in Texas and connected to a "shared network" to impose a fee for use of a terminal if the fee is disclosed to the user in such a manner that they could terminate or cancel the transaction to avoid the cost.

The bill would not allow an agreement to share electronic terminals to prohibit, limit or restrict the right of owner of electronic terminal from charging a "shared network" transaction fee. Terminal owners could not be required to limit or waive their rights or obligations or be discriminated against as a result of charging the "shared network" fee.

A "shared network" is an electronic information communications and processing facility used by two or more different owners of electronic terminals to receive, transmit, or retransmit electronic impulses to financial institutions or other transmission facilities to withdraw, deposit, transfer or check account balances for a customer.

The bill would take effect September 1, 1995.

SUPPORTERS SAY: SB 661 would permit owners of electronic fund terminals to charge out-of-state users of these terminals a convenience fee and provide convenience-fee parity between all customers using the machine. This bill would ensure

that those with bankcards issued in the Texas regional PULSE network would not be the only ones to pay convenience fees. Texas electronic fund terminal owners cannot charge a fee for cards issued by members of a national network (i.e., VISA and Mastercharge) unless a state law expressly allows these charges. Texans who use electronic fund transfer machines may be assessed a convenience fee, but without this legislation, no fee can be assessed out-of-state card holders.

By allowing more fees to be assessed to pay for electronic terminals, more terminals could be made available for the convenience of consumers.

Consumers using these machines would be notified before making a transaction that there would be a convenience fee for use of the machine and could choose not to use the machine as a result.

OPPONENTS
SAY:

No apparent opposition