

- SUBJECT:** Allowing private schools to add fees to credit and debit card transactions
- COMMITTEE:** Investments and Financial Services — favorable, without amendment
- VOTE:** 6 ayes — Parker, Longoria, Capriglione, Flynn, Landgraf, Stephenson  
0 nays  
1 absent — Pickett
- WITNESSES:** For — Lucy Thomas, Angelo Catholic School; Jim Waits, FACTS Management Co.; Laura Steinbach, Rawson Saunders School; Ted Smith, St. Austin Catholic School-School Advisory Board; Margaret McGettrick, TEPSAC; Laura Colangelo, Texas Private Schools Association; Melinda Young; (*Registered, but did not testify:* Raney Payne, Legacy Christian Academy; Jeff Patterson and Jennifer Allmon, Texas Catholic Conference of Bishops; Steve Blanchard)  
Against — None
- BACKGROUND:** Finance Code, sec. 59.402 prohibits merchants from imposing a surcharge on purchases made with a debit or stored-value card, and sec. 339.001 prohibits merchants from imposing a surcharge on purchases made with a credit card.
- DIGEST:** HB 1881 would allow a private school to charge a fee or other amount in connection with a payment for tuition or other school costs made by credit card, debit card, or electronic funds transfer submitted in person, by mail, over the telephone, or through the Internet. The fee or other amount could be charged in addition to the tuition or other school costs in an amount reasonable and necessary to reimburse the school for the expense of processing and handling the payment or transaction.  
  
The bill would allow the private school to charge a fee or other amount as a discount or convenience charge for the transaction, or as a service charge in connection with a dishonored payment for a transaction paid by

credit card, debit card, or electronic funds transfer.

The school would be required to notify the cardholder or other payer of any fee to be charged before accepting payment.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.

**SUPPORTERS  
SAY:**

By authorizing private schools to impose surcharges on debit and credit card transactions, HB 1881 would allow more schools to accept these forms of payments, which would provide more flexibility for parents of students. Without the authority to assess these fees on tuition and other charges, many private schools choose not to accept payments using debit or credit cards to avoid transaction fees from banks and other institutions.

Many private schools prefer for parents to pay with a debit or credit card for convenience, and some provide discounts for parents who pay in full at the beginning of the semester, which is easier for some parents to do if paying by credit card. Being able to receive a tuition payment in full decreases the risk that tuition will go unpaid and allows schools to better predict their budgets for the year. However, the fees that credit card providers charge for debit and credit card transactions can have a significant impact on private schools' budgets, which already can be tight. Even small private schools can accrue thousands of dollars in fees over a semester. This has forced many private schools to stop offering the option to pay by credit or debit card.

Sending a child to private school may be one of the biggest financial choices a parent can make. Many parents like the flexibility of charging the tuition in full to a credit card and paying off the balance in more manageable installments. Others prefer to pay through a credit card to accrue benefits. HB 1881 would help increase the options for parents of students by encouraging private schools to accept credit and debit card payments.

OPPONENTS  
SAY: No apparent opposition.

NOTES: The Senate companion bill, SB 1596 by Creighton, was reported favorably from the Senate Business and Commerce Committee, placed on the intent calendar on April 20, and not again placed on the intent calendar on April 23.