

BILL ANALYSIS

Senate Research Center
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S.B. 641
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Business & Commerce
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 83rd Legislature passed H.B. 3068, which prohibits a merchant from imposing a surcharge on a customer who pays with a debit card, instead of cash, check, or credit card. This change in law was made to afford the same protections enjoyed by purchasers using credit cards to those using debit cards. Specifically, the statute protects consumers from surprise surcharges and discourages financial alliances between large stores and large banks that would steer consumers towards those particular banks.

Despite the passage of these protections, many merchants continue to impose surcharges on debit card users. Some merchants have even disregarded the attempts by the Texas Department of Banking to educate them about the law. Unfortunately, while H.B. 3068 prohibited debit card surcharges, it did not provide the Department of Banking or the attorney general with enforcement authority. As a result, the state lacks the ability to ensure merchants are complying with current law and consumers using debit cards are protected.

Senator Schwertner's office has received several complaints about the continuance of surprise surcharges, despite the passage of H.B. 3068. S.B. 641 grants the attorney general the authority to impose sanctions on merchants who disregard the law, thus protecting consumers.

As proposed, S.B. 641 amends current law relating to debit card or stored value card surcharges, and provides a civil penalty.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 59.401, Finance Code, by adding Subdivision (5) to define "surcharge."

SECTION 2. Amends Subchapter E, Chapter 59, Finance Code, by adding Section 59.403, as follows:

Sec. 59.403. CIVIL PENALTY. (a) Provides that a person who knowingly violates this subchapter is liable to the state for a civil penalty in an amount not to exceed \$1,000 for each violation. Authorizes the attorney general or the prosecuting attorney in the county in which the violation occurs to bring a suit to recover the civil penalty imposed under this section, and an action in the name of the state to restrain or enjoin a person from violating this chapter.

(b) Entitles the attorney general or the prosecuting attorney in the county in which the violation occurs, as appropriate, to recover reasonable expenses incurred in obtaining injunctive relief, civil penalties, or both, under this section, including reasonable attorney's fees, court costs, and investigatory costs.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2015.