

SENATE BILL No. 412

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-5-28.

Synopsis: Payment card network interchange fees. Defines an "interchange fee" as a fee established, charged, or received by a payment card network to compensate an issuer of a debit card or credit card for the issuer's involvement in an electronic payment transaction. Provides that the amount of: (1) certain taxes (covered taxes) collected by; and (2) any gratuity paid to; a merchant in an electronic payment transaction must be excluded from the amount upon which any interchange fee is charged in connection with the electronic payment transaction. Requires a payment card network to do one of the following: (1) At the time of settlement of an electronic payment transaction, deduct from the calculation of any interchange fees to be imposed for the transaction the amount of any: (A) covered tax collected; and (B) gratuity paid; in the electronic payment transaction. (2) Rebate a portion of the interchange fee imposed in the transaction in an amount equal to the amount of the interchange fee attributable to any: (A) covered tax collected; and (B) gratuity paid; in the electronic payment transaction. Provides that the required deduction or rebate must occur at the time of settlement when the merchant is able to capture and transmit tax and gratuity amounts relevant to the electronic payment transaction at the time of the transaction. Provides an exception allowing a payment card network to credit a merchant's settlement account for interchange fees collected on amounts that included covered taxes or gratuities, in cases in which a merchant is not able to capture and transmit tax or gratuity amounts relevant to the electronic payment transaction at the time of the transaction. Provides that a payment card network that violates these provisions: (1) is liable
(Continued next page)

Effective: Upon passage.

Pol Jr.

January 13, 2025, read first time and referred to Committee on Insurance and Financial Institutions.



Digest Continued

for a civil penalty in an amount not to exceed \$1,000 per violation; and (2) shall refund to each merchant affected by the violation the amount of excess interchange fees collected. Provides that a payment card network that alters or manipulates the computation or imposition of an interchange fee for purposes of circumventing or offsetting the bill's requirements commits a deceptive act that is actionable only by the attorney general under the Indiana statute concerning deceptive consumer sales.



Introduced

First Regular Session of the 124th General Assembly (2025)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in *this style type*, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2024 Regular Session of the General Assembly.

SENATE BILL No. 412



A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-5-28 IS ADDED TO THE INDIANA CODE AS
 2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
 3 PASSAGE]:
 4 **Chapter 28. Payment Card Interchange Fees**
 5 **Sec. 1. This chapter applies to an electronic payment**
 6 **transaction:**
 7 **(1) that is initiated after June 30, 2025; and**
 8 **(2) with respect to which:**
 9 **(A) a covered tax is:**
 10 **(i) imposed by Indiana law; or**
 11 **(ii) imposed by a local unit under the authority of**
 12 **Indiana law; or**
 13 **(B) a gratuity is paid by a guest, patron, or customer of the**
 14 **merchant in the transaction.**
 15 **Sec. 2. As used in this chapter, "authorization", with respect to**



1 an electronic payment transaction, means the process in which the
2 merchant requests approval for the transaction from the issuer.

3 Sec. 3. As used in this chapter, "clearance", with respect to an
4 electronic payment transaction, means to transmit transaction data
5 from the merchant to the issuer for the purpose of:

6 (1) posting the transaction to the cardholder's account with
7 the issuer; and

8 (2) calculating fees and charges, including any interchange
9 fees, that apply to the parties in the transaction.

10 Sec. 4. As used in this chapter, "covered tax" means any of the
11 following:

12 (1) The state gross retail tax imposed under IC 6-2.5-2-1 or
13 use tax imposed under IC 6-2.5-3-2.

14 (2) The auto rental excise tax imposed under IC 6-6-9.

15 (3) The county supplemental auto rental excise tax imposed
16 under IC 6-6-9.5.

17 (4) The county supplemental auto rental excise tax imposed
18 under IC 6-6-9.7.

19 (5) The vehicle sharing excise tax imposed under IC 6-6-16.

20 (6) An innkeeper's tax or food and beverage tax imposed
21 under IC 6-9.

22 Sec. 5. As used in this chapter, "credit card" means any:

23 (1) card;

24 (2) plate; or

25 (3) other single credit device;

26 that is issued for the purpose of allowing a person to obtain money,
27 property, labor, or services on credit.

28 Sec. 6. (a) As used in this chapter, "debit card" means any card,
29 or other payment code or device, issued or approved for use
30 through a payment card network to debit an asset account,
31 regardless of:

32 (1) the purpose for which the account is established; or

33 (2) whether authorization for the debit is based on a
34 signature, a personal identification number, or other means.

35 (b) The term:

36 (1) includes a general-use prepaid card (as defined in 15
37 U.S.C. 16931-1(a)); but

38 (2) does not include a paper check.

39 Sec. 7. As used in this chapter, "electronic payment transaction"
40 means a transaction in which a person uses a debit card, a credit
41 card, or another payment code or device issued or approved for
42 use through a payment card network to:



- 1 (1) debit a deposit account; or
 2 (2) use a line of credit;
 3 regardless of whether authorization for the debit or use of the
 4 credit line is based on a signature, a personal identification
 5 number, or other means.
- 6 Sec. 8. As used in this chapter, "gratuity" means a voluntary
 7 monetary contribution paid to:
 8 (1) a merchant; or
 9 (2) an employee of a merchant;
 10 by a guest, patron, or customer in connection with goods or
 11 services provided to the guest, patron or customer.
- 12 Sec. 9. As used in this chapter, "interchange fee" means a fee
 13 established, charged, or received by a payment card network for
 14 the purpose of compensating an issuer for the issuer's involvement
 15 in an electronic payment transaction.
- 16 Sec. 10. (a) As used in this chapter, "issuer" means a person that
 17 issues a debit card or a credit card.
 18 (b) The term includes an agent of a person described in
 19 subsection (a).
- 20 Sec. 11. As used in this chapter, "merchant" means a person
 21 that is described as a retail merchant in IC 6-2.5-4 or that is
 22 required to hold a retail merchant's certificate under IC 6-2.5-8.
- 23 Sec. 12. As used in this chapter, "payment card network" means
 24 an entity that directly, or through licensed members, processors,
 25 or agents, provides the proprietary services, infrastructure, and
 26 software that:
 27 (1) route information and data to conduct authorization,
 28 clearance, and settlement processes in an electronic payment
 29 transaction; and
 30 (2) a merchant or seller uses in order to accept as a form of
 31 payment a brand of:
 32 (A) debit card;
 33 (B) credit card; or
 34 (C) another device that may be used to carry out electronic
 35 payment transactions.
- 36 Sec. 13. As used in this chapter, "settlement", with respect to an
 37 electronic payment transaction that has cleared, means the process
 38 of:
 39 (1) transmitting finalized sales information to the issuer for
 40 the collection of funds;
 41 (2) transferring the funds collected from the issuer to the
 42 merchant; and



1 (3) calculating and reporting the net transaction amount to
 2 the issuer and the merchant.

3 **Sec. 14. (a) The amount of any:**

4 (1) covered tax that is collected by a merchant in an electronic
 5 payment transaction; or

6 (2) gratuity that is paid by a guest, patron, or customer of a
 7 merchant in an electronic payment transaction;

8 **must be excluded from the amount upon which any interchange fee**
 9 **is charged for the electronic payment transaction.**

10 (b) A payment card network shall do one (1) of the following:

11 (1) At the time of settlement of an electronic payment
 12 transaction, deduct from the calculation of any interchange
 13 fees to be imposed for the transaction the amount of any:

14 (A) covered tax collected in the electronic payment
 15 transaction; and

16 (B) gratuity paid in the electronic payment transaction.

17 (2) Rebate a portion of the interchange fee imposed in the
 18 transaction in an amount equal to the amount of the
 19 interchange fee attributable to any:

20 (A) covered tax collected in the electronic payment
 21 transaction; and

22 (B) gratuity paid in the electronic payment transaction.

23 (c) Except as provided in subsection (d), a:

24 (1) deduction made under subsection (b)(1); or

25 (2) a rebate made under subsection (b)(2);

26 **must occur at the time of settlement when the merchant, as part of**
 27 **the transaction finalization, is able to capture and transmit tax and**
 28 **gratuity amounts relevant to the electronic payment transaction at**
 29 **the time of the electronic payment transaction.**

30 (d) If a merchant is not able to capture and transmit tax or
 31 gratuity amounts relevant to the electronic payment transaction at
 32 the time of the electronic payment transaction, the payment card
 33 network shall:

34 (1) upon submission of transaction data by the merchant,
 35 accept proof of covered tax amounts and gratuities collected
 36 on electronic payment transactions subject to an interchange
 37 fee; and

38 (2) promptly credit the merchant's settlement account.

39 **Sec. 15. A payment card network that violates section 14 of this**
 40 **chapter:**

41 (1) is liable for a civil penalty in an amount not to exceed one
 42 thousand dollars (\$1,000) per violation, payable to a person



1 determined by a court to have been aggrieved by the
2 violation; and
3 (2) shall refund to each merchant affected by the violation the
4 amount of excess interchange fees collected.
5 Sec. 16. (a) A payment card network shall not, for purposes of
6 circumventing or offsetting the requirements set forth in section 14
7 of this chapter, alter or manipulate the computation or imposition
8 of an interchange fee by increasing the rate or amount of the
9 interchange fee applicable to or imposed on the portion of an
10 electronic payment transaction that does not represent a covered
11 tax or a gratuity.
12 (b) A payment card network that violates this section commits
13 a deceptive act that is actionable under IC 24-5-0.5 only by the
14 attorney general under IC 24-5-0.5-4(c).
15 SECTION 2. An emergency is declared for this act.

