

HOUSE No. 1034

The Commonwealth of Massachusetts

PRESENTED BY:

Steven M. Walsh

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the prevention of credit card company unfair business practices.

PETITION OF:

NAME:

Steven M. Walsh

DISTRICT/ADDRESS:

11th Essex

HOUSE No. 1034

By Mr. Walsh of Lynn, petition (accompanied by bill, House, No. 1034) of Steven M. Walsh relative to the prevention of credit card company unfair business practices. Consumer Protection and Professional Licensure.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to the prevention of credit card company unfair business practices.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of Chapter 140D of the General Laws, as appearing in the 2008
2 Official Edition, is hereby amended by inserting before the definition of “Material Disclosure”
3 the following definition: -

4 “Electronic Payment Network” , an entity, other than a national bank, that directly, or
5 through licensed members, processors or agents, provides the proprietary services, infrastructure,
6 and software that route information and data to facilitate transaction authorization, clearance, and
7 settlement, and that merchants access in order to accept a brand of general-purpose credit cards,
8 charge cards, debit cards or stored-value cards as payment for goods or services.

9 SECTION 2. Said Chapter 140D is hereby further amended by inserting in Section 1
10 before the definition of “Open-end-credit plan” the following definition: -

11 “Merchant”, a person or entity doing business in this state which offers goods or services
12 for sale in this state.

13 SECTION 3. Said Chapter 140D is hereby further amended by inserting after section
14 28B the following section: -

15 Section 28C. (a) An electronic payment network shall not, directly or through any agent,
16 acquirer, processor or member of the system: (i) impose any requirement, condition, penalty, or
17 fine in a contract with a merchant relative to the display of pricing for goods or services for sale
18 by the merchant; (ii) inhibit the ability of any merchant to offer its customers discounts or in-
19 kind incentives for using a form of payment; (iii) inhibit the ability of any merchant to offer its
20 customers discounts or in-kind incentives for using a debit or credit card of another electronic
21 payment system; (iv) prevent any merchant from setting a minimum or maximum dollar value
22 for its acceptance of a credit card; (v) inhibit the ability of any merchant to decide not to accept
23 the products of an electronic payment system at one of its locations; (vi) prevent any merchant
24 from deciding not to accept certain products of an electronic payment system based on the fees
25 associated with such products while still accepting other products of that electronic payment
26 system; or (vii) prevent any merchant from choosing how to route a transaction among any of the
27 electronic payment networks authorized to clear transactions on the card in question.

28 (b) An electronic payment network shall not set required, suggested, or default rates for
29 the fees to be charged by any issuer of its payment cards, agent, processor or member of the
30 system for transactions occurring within this state unless such issuer, agent or processor is the
31 electronic payment system itself and not a separate legal entity.

32 SECTION 4. Said Chapter 140D is hereby further amended by inserting in section 32 the
33 following paragraphs: -

34 (h) (1) Any electronic payment network that fails to comply with any requirement
35 imposed under section 28C of this chapter shall reimburse all affected merchants for all
36 chargebacks, fees, and fines collected from affected merchants directly or through any agent,
37 processor or member of the system during the period of time in which the electronic payment
38 system was in violation; (2) shall be liable for a civil penalty of \$10,000 per chargeback, fee or
39 fine levied in violation of said section; (3) any merchant whose rights under this section have
40 been violated may maintain a civil action for damages or equitable relief; and (4) the attorney
41 general may maintain a civil action for damages or equitable relief as provided for in this section
42 to protect against violations of this chapter.