



Hundredth Legislature - First Session - 2007  
**Introducer's Statement of Intent**  
**LB 174**

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**Chairperson:** Rich Pahls  
**Committee:** Banking, Commerce and Insurance  
**Date of Hearing:** February 26, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The purpose of Legislative Bill 174 is to make several changes to the relationship between merchants and issuing banks of credit and debit cards. Among these changes are:

- 1) Requiring credit card companies and their member banks to provide a copy of the rules that merchants agree to abide by when accepting the use of their credit or debit cards. Currently, a merchant must sign an agreement before they are authorized to accept credit and debit cards. The agreement requires a merchant to abide by the rules but a copy of the rules and the rates are not provided to the merchant.
- 2) Providing that any contract authorizing a merchant to accept a credit or debit card does not give an issuing bank the authority to charge back a portion of the transaction to the merchant because the cost of the transaction exceeds a predetermined amount; and,
- 3) Providing that any discount rates, transaction charges, interchange fees, or other fees or charges that are charged to merchants are not applied to the tax portion of any credit or debit card sales.

**Principal Introducer:**

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**Senator Ray Janssen**