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News

Basics

Calculators

Q & A

Tips

Debit card surcharge ban may get Senate hearing; House already approved

By Susan Salisbury and Kimberly Miller, The Palm Beach Post, Fla.

Apr. 29--Floridians may wield their debit cards freely, following a legislative agreement Wednesday to ban customer surcharges on the popular alternative to cash, credit and check.

For more than two decades, Florida law has forbid merchants from passing on the fees they pay to allow for credit card use to customers. But there is no such rule for debit cards. A House bill (HB 621) which passed unanimously in that chamber last week, would add debit cards to the surcharge prohibition.

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The Senate version (SB 1106) was stalled as merchants lobbied against the ban and credit card giant Visa lobbies for it. But late Wednesday, Senate sponsor Victor Crist, R-Tampa, said he planned to go ahead and amend his bill to match the House version that prohibits the surcharge. It may come up for a Senate vote Thursday.

"I told both industries that the food fight is over," Crist said.

Crist is concerned that, with just two days left in the 2010 legislative session, not taking the House language would doom the bill, which also includes provisions that increase penalties for

taking or possessing a stolen credit card.

"You don't want to take a good thing and put it in jeopardy," Crist said.

Visa representatives said they were trying to protect consumers by supporting a surcharge ban.

For the past three days the company took out full-page advertisements in five Florida newspapers, including The Palm Beach Post, telling people to call Crist's office and support the prohibition. Crist said his phone "rang off the hook," today.

"It is wrong for retailers to surprise and punish hardworking Floridians in today's challenging economy for simply using the payment products of their choice, particularly with highly efficient electronic payments," said Bill Sheedy, group president of the Americas for Visa Inc. "The listed price of an item as advertised or on the price tag should be the actual price consumers pay at checkout."

But Robert Livingstone, president of Ideal Cost, a West Palm Beach-based consulting company that supports merchants, says Visa is acting selfishly. If a surcharge persuades customers to use cash or check, Visa loses out on the fee it collects from merchants, as well as the possibility of getting interest from the consumer.

"They don't want retailers to be able to discriminate payment, for a merchant to talk people into using cash, check or a different brand of credit card," Livingstone said.

Rick McAllister, president and CEO of the Florida Retail Federation, said most merchants currently don't pass along "interchange fees" to consumers. Interchange fees are what businesses are charged to use credit or debit cards.

On transactions where consumers use a PIN number to pay with a debit card, a flat interchange fee could be as low as 8 cents or as much as 45 cents per transaction, according to Livingston.

McAllister said that if the credit card companies cared about consumers, there are many things they could do, such as getting rid of ATM charges, late fees, user fees and charging 29 percent interest.

"It is all about this national argument about interchange fees and merchants' inability to have negotiating positions," McAllister said. "Merchants are helpless."

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