
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2394 Session of
2024

INTRODUCED BY SCOTT, SAMUELSON, PIELLI, MADDEN, VENKAT, FREEMAN,
McANDREW, KHAN, POWELL, SANCHEZ, KINSEY, CEPEDA-FREYTIZ,
HILL-EVANS, GREEN AND KENYATTA, JUNE 10, 2024

REFERRED TO COMMITTEE ON FINANCE, JUNE 10, 2024

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, providing for interchange
3 fee tax exclusion and for penalties; and making editorial
4 changes.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Title 72 of the Pennsylvania Consolidated
8 Statutes is amended by adding parts to read:

9 PART I

10 PRELIMINARY PROVISIONS

11 (Reserved)

12 PART II

13 TAXATION

14 Chapter

15 17. (Reserved)

16 19. Interchange Fee Tax Exclusion

17 CHAPTER 17

18 (Reserved)

1 issuer for its involvement in an electronic payment transaction.

2 "Issuer." A person issuing a debit card or credit card or
3 the issuer's agent.

4 "Payment card network." An entity that meets all of the
5 following:

6 (1) Directly, or through licensed members, processors or
7 agents, provides the proprietary services, infrastructure and
8 software that routes information and data to conduct debit
9 card or credit card transaction authorization, clearance and
10 settlement.

11 (2) A merchant or seller uses in order to accept as a
12 form of payment a brand of debit card, credit card or other
13 device that may be used to carry out debit or credit
14 transactions.

15 "Settlement." The transfer of funds from a customer's
16 account to a seller or merchant upon electronic submission of
17 finalized sales transactions to the payment card network.

18 "Tax." A tax levied on the sale at retail of goods and
19 services under Article II of the act of March 4, 1971 (P.L.6,
20 No.2), known as the Tax Reform Code of 1971.

21 § 1902. Exclusion of tax from interchange fees.

22 (a) Exclusion.--The amount of tax calculated as a percentage
23 of an electronic payment transaction amount and listed
24 separately on the payment invoice or other demand for payment
25 shall be excluded from the amount on which an interchange fee is
26 charged for the electronic payment transaction.

27 (b) Duties of payment card network.--A payment card network
28 shall:

29 (1) Either:

30 (i) deduct the amount of any tax imposed from the

1 calculation of interchange fees specific to each form or
2 type of electronic payment transaction at the time of
3 settlement; or

4 (ii) rebate an amount of an interchange fee
5 proportionate to the amount attributable to the tax.

6 (2) If a merchant or seller is unable to capture and
7 transmit tax or fee amounts relevant to the sale at the time
8 of sale, accept proof of tax or fee amounts collected on
9 sales subject to an interchange fee upon the submission of
10 sales data by the merchant or seller and promptly credit the
11 merchant or seller's settlement account.

12 § 1903. Penalties.

13 A payment card network that violates this chapter shall:

14 (1) be subject to a civil penalty of not more than
15 \$1,000 per violation, payable to the plaintiff; and

16 (2) refund, to each merchant or seller that utilizes the
17 payment card network, the portion of the interchange fee that
18 was collected in violation of this chapter.

19 Section 2. Title 72 is amended by adding a part heading
20 immediately preceding Chapter 31 to read:

21 PART III

22 FISCAL AFFAIRS

23 Section 3. This act shall take effect in 60 days.