

HOUSE BILL REPORT

HB 1138

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to the imposition of fees related to the use of automated teller machines.

Brief Description: Regulating fees for using an automated teller machine.

Sponsors: Representatives Ericksen and Holmquist.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/25/05, 1/27/05 [DP].

Brief Summary of Bill

- The owner of an ATM may charge an access fee to customers who are making transactions when the customer's account is located outside the United States.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 10 members: Representatives Kirby, Chair; Ericks, Vice Chair; Roach, Ranking Minority Member; Newhouse, Santos, Schual-Berke, Serben, Simpson, Tom and Williams.

Staff: Jon Hedegard (786-7127).

Background:

Financial institutions may issue debit and credit cards to their customers for use at an automated teller machine (ATM). An ATM may be owned by an entity that is not a financial institution. Customers may use an ATM to obtain cash, bank balances, view and make bank transactions, and, in some cases, receive stamps.

ATM Fees

The financial institution issuing the debit or credit card may charge their customer a convenience fee when a card is used at an ATM. In addition to a fee possibly charged by the financial institution, the owner of an ATM may charge an access fee. The ATM owner keeps the access fee for each transaction; the fee is paid by the financial institution that issued the card.

Some card networks have contractually prohibited ATM owners from imposing an access fee on holders of foreign bank cards unless state or federal law allows for a fee. At least 13 states

have enacted legislation allowing ATM owners to impose access fees on all users, not just on users with accounts located in the United States.

Definitions

"Automated teller machine" is defined as an electronic information processing device located in this state that accepts or dispenses cash in connection with a credit, deposit, or convenience account. It does not include a device used primarily to facilitate check guarantees or check authorizations used in connection with the acceptance or dispensing of cash on a person-to-person basis such as by a store cashier, or used for payment of goods and services.

"Financial institution" is defined as a bank, trust company, mutual savings bank, savings and loan association, or credit union authorized to do business and accept deposits in this state under state or federal law.

Summary of Bill:

The owner of an ATM may charge an access fee to customers who are making transactions when the account is located outside the United States.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: I live in Northwest Washington. When a local resident uses an ATM, they press the button to accept the fee charge and are charged. When a Canadian uses that same ATM, they press to accept the fee and are not charged. This is an issue of fairness. It is a big deal to small businesses, particularly those in border communities. It goes beyond just those communities though. The SeaTac area has a large amount of international travelers. This bill does not have an impact on United States citizens. It does not require a fee. It allows a fee to be imposed on people who have, by their actions, already accepted the fee.

Testimony Against: None.

Persons Testifying: (In support) Representative Doug Ericksen, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: None.