S-1122.1

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**SENATE BILL 5459**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** Senators Mullet and Wilson, L.

AN ACT Relating to creating a business and occupation tax deduction for credit card processing companies; adding a new section to chapter 82.04 RCW; creating a new section; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1) In computing the tax under this chapter, a credit card processing company may deduct from the measure of the tax amounts received by persons other than the credit card processing company in the following forms:

(a) Interchange fees; or

(b) Network fees.

(2) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Card association" means a network of issuing banks and merchant banks that, together as an association, manages the rules and practices involved in processing credit and debit card transactions.

(b) "Credit card processing company" means a company other than a merchant bank that acquires, either directly or indirectly, credit and debit card transactions from merchants, facilitates the submission of those transactions to card associations, and facilitates the payment of proceeds of those transactions to merchants.

(c) "Interchange fee" means a fee set by the card association that an issuing bank retains as compensation for its role in issuing a credit or debit card to a cardholder and advancing proceeds to settle a credit or debit card transaction.

(d) "Issuing bank" means a bank that issues card association-branded credit or debit cards to consumers.

(e) "Merchant bank" means a bank that is a member of a card association and contracts with a credit card processing company, if the bank and the credit card processing company are separate entities, and a merchant, enabling the merchant to accept a card association‐branded credit or debit card and receive cash proceeds from the sale.

(f) "Network fees" means fees a card association charges as compensation for facilitating the payment of a credit card or debit transaction to a merchant through its payment network.

NEW SECTION. **Sec.**  The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2021.

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