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## Consumer Protection & Business Committee

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### HB 1530

**Brief Description:** Modernizing payment systems by expanding consumer-friendly transaction options for registered tow truck operators and regulated businesses.

**Sponsors:** Representatives Walen and McClintock.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Permits businesses whose fees are regulated by the state to charge a transaction fee for processing a credit card payment.</li></ul>
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**Hearing Date:** 2/7/25

**Staff:** Megan Mulvihill (786-7304).

**Background:**

Credit and debit card transaction fees are charges that merchants pay to card companies and financial services providers to authorize and complete transactions. Transaction fees vary based on the card network, the type of card used, and how the card is processed, such as in person versus online. The processing fee includes the interchange fee, the assessment fee, and payment processor fee.

*Interchange Fees.* Interchange fees are applied by credit card companies, but the fee is paid to the bank that issued the consumer's credit card. The rate of the interchange fee varies by credit card company, but usually includes a percentage plus an additional fixed amount. Most vary around 1 to 3 percent with a fixed rate of 5 to 25 cents per transaction.

*Assessment Fees.* The assessment fee is paid directly to the credit card network and is typically

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less than 1 percent charged by volume.

*Payment Processor Fee.* Payment processor fees go to the company that processes the transaction for the merchant. These fees vary and are negotiable depending on the processor.

The Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act capped debit card transaction fees for banks with over \$10 million in assets. Debit card transaction fees are capped at 21 cents plus 0.05 percent of the transaction value.

Certain businesses have the fees they can charge regulated by statute, including collection agencies, tow truck operators, and debt adjusters.

**Summary of Bill:**

Businesses whose fees or charges are regulated in Washington are allowed to charge a transaction fee for processing a credit card payment, provided that a no-cost payment option is available and it is disclosed at the same time and in the same manner as the consumer's credit card information is taken. The transaction fee cannot exceed 3 percent of the payment amount. "Credit card payment" is defined to mean any payment made by a payment card that incurs an interchange fee, regardless of the type of payment card used.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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