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SENATE JOINT RESOLUTION NO. 241

Offered January 11, 1995

Prefiled December 19, 1994

Memorializing Congress to amend the Truth in Lending Act to prohibit issuers of credit cards from limiting the ability of state agencies and local governments to charge fees for honoring credit cards.

 Patron—Marye

 Referred to the Committee on Rules

WHEREAS, the use of credit cards is a convenient and increasingly popular method of paying for goods and services; and

WHEREAS, the Virginia General Assembly has enacted legislation authorizing the Department of Motor Vehicles, the Department of Taxation, the Department of Alcoholic Beverage Control, the Supreme Court, and other state agencies to accept payment by credit cards for various taxes, fees, fines, and purchases; and

WHEREAS, the Virginia General Assembly has also authorized counties, cities, and towns in the Commonwealth to accept payment by credit cards for local taxes and utility charges; and

WHEREAS, agencies of the Commonwealth and local governments are also authorized to add to any payment made by credit card a service charge for the acceptance of such card in the amount charged to the agency or political subdivision as a result of the use of the credit card; and

WHEREAS, credit card companies generally assess merchants a discount fee, which typically is equal to two percent of the transaction amount, on credit card transactions; and

WHEREAS, credit card issuers have become increasingly insistent that state agencies and local governments bear the discount fees incurred in connection with credit card transactions; and

WHEREAS, several political subdivisions of the Commonwealth, including the Counties of Arlington, Chesterfield, Loudoun and Pulaski and the City of Alexandria, and the Department of Motor Vehicles have been denied the ability to accept credit cards because of their insistence that the user of a credit card pay a service charge in the amount of the discount fee associated with the transaction; and

WHEREAS, banks that allow agencies of the Commonwealth and local governments to deviate from the general prohibition on charging card users the costs of using the credit card may be assessed penalties or have their credit card contracts terminated; and

WHEREAS, it is unreasonable to apply to governmental entities the general policy prohibiting merchants from assessing card users with the discount fee because governments cannot absorb the impact of the discount fee by increasing the amounts charged to taxpayers and other customers; and

WHEREAS, on May 19, 1993, Representative James P. Moran of Virginia's Eighth Congressional District sponsored, and Representative Frederick C. Boucher of Virginia's Ninth Congressional District co-sponsored, H. R. 2175, which would amend Chapter 2 of the Truth in Lending Act, 15 U.S.C. §1631, et seq., to prohibit issuers of credit cards from limiting the ability of governmental agencies to charge fees for honoring credit cards; and

WHEREAS, H. R. 2175 was not reported out of the Committee on Banking, Finance and Urban Affairs during the 103rd Congress; and

WHEREAS, the enactment of a federal law to prevent credit card issuers from prohibiting state agencies and local governments from charging fees for honoring credit cards will avoid the necessity that these entities either absorb the discount fees or refuse to honor credit cards; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That Congress be urged to amend the Truth in Lending Act to prohibit issuers of credit cards from limiting the ability of state agencies and local governments to charge fees for honoring credit cards; and, be it

RESOLVED FURTHER, That the Clerk of the Senate transmit copies of this resolution to the President of the Senate of the United States, the Speaker of the United States House of Representatives, and the members of the Virginia delegation to the United States Congress so that they may be apprised of the sense of the General Assembly on this matter.

INTRODUCED

SJ241