

Bill helps merchants deal with credit card companies

by Daniel Barlow – Vermont Press Bureau

May 4, 2010

MONTPELIER – House lawmakers have easily approved a bill that will give Vermont merchants more leverage in negotiating better terms with credit card companies, despite some opposition from local banks.

The bill is designed to give small Vermont storeowners more power in dealing with the credit card companies, who enact a fee every time one of their cards is used for a transaction. Several merchants told lawmakers this year that the fees are too high and the contracts too confusing.

Rep. Michael Marcotte, R-Coventry, the vice-chairman of the House Commerce Committee, is the owner of a convenience store in Newport. He said when customers use credit cards for small purchases, the merchant often loses money on the sale.

"I had a customer come in the other day and buy two packs of crackers ... about 60 cents worth ... and they used their credit card," he said on the House floor Thursday morning. "I lost money on that sale. Lots of merchants are losing money on those sales."

Merchants testified to lawmakers this year that the contracts they sign with credit card companies are often hundreds of pages of confusing legal language. And they face steep fines from the companies if they don't follow all the regulations, such as one that requires a storeowner to accept a card at all their locations.

That's one of the things that could change under the proposed law, believed to be the first time that a state government has attempted to regulate the conditions that credit card companies place on their deals with merchants.

If signed into law by Gov. James Douglas, merchants would have the right to pick and choose which cards are accepted at certain locations and set a minimum transaction limit – the bill currently states \$10 – for a customer to use a credit card.

The bill also contains a criminal provision making it illegal to use so-called credit card skimming devices, which scammers use to fraudulently obtain credit card information. The suggested punishment is 10 years in prison and a \$10,000 fine.

Marcotte's bill easily passed the House Thursday, with 149 yes votes. That wasn't the case just weeks ago when the legislation was unveiled in the Senate and several key lawmakers lobbied against it, saying it would harm Vermont banks and credit unions. The bill, after some major changes, was approved in a 30-0 vote.

"There is nothing in this bill that will hurt our financial institutions, our merchants and our customers," Marcotte said.

Tasha Wallis, the executive director of the Vermont Retail Association, said she was very excited about the House's support of the bill. She said it was a "pro-business bill that has support from all sides of the aisle."

"Many legislators know their local storeowners and their local merchants," she said. "I think they've heard of their experiences with credit card companies and understand that this is a good move for Vermont."

Before going to Douglas for his signature, the bill must be approved one more time by the Senate due to some minor changes made in the House.