
A BILL FOR AN ACT

RELATING TO CREDIT SALES.

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

1 SECTION 1. Chapter 476, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§476- Surcharge on credit transactions; prohibited.
5 (a) No seller in any credit sale or any company issuing credit,
6 charge, or debit cards may impose a surcharge on a holder who
7 elects to use a credit, charge, or debit card in lieu of payment
8 by cash, check, or similar means.
9 (b) No financial institution or card issuer may impose a
10 surcharge for the use of a debit card for an automatic cash
11 withdrawal; provided that a transaction processing fee may be
12 allowed by the owner of the automatic cash machine at the time
13 of the transaction.
14 (c) A discount offered by a seller for the purpose of
15 inducing payment by cash, check, or other means not involving
16 the use of a seller credit card, charge card, or debit card
17 shall not constitute a finance charge if the discount is offered
18 to all prospective buyers in a clear and conspicuous manner.



1 (d) For the purposes of this section, a "surcharge" means
2 any additional amount imposed at the time of the sales
3 transaction by the seller that increases the charge to the buyer
4 for the privilege of using a credit, charge, or debit card and
5 is not a finance charge allowed under section 476-28(1) or (2)."

6 SECTION 2. Section 476-1, Hawaii Revised Statutes, is
7 amended as follows:

8 1. By adding a new definition to be appropriately inserted
9 and to read:

10 "Debit card" means a card issued by a financial
11 institution that is linked to an account at the financial
12 institution and may be used by the holder to make electronic
13 cash withdrawals and to pay for goods and services. "Debit
14 card" includes a prepaid card or other means of access to
15 prepaid funds that may be used to initiate electronic transfers
16 of funds and may be used without unique identifying information,
17 including but not limited to a personal identification number,
18 to initiate access to prepaid funds."

19 2. By amending the definition of "finance charge" to read:

20 "Finance charge" means the amount, however denominated or
21 expressed, which the credit buyer contracts to pay or pays for
22 the privilege of purchasing goods, services, or both, to be paid



1 for over a period of time under the terms of the credit sale
 2 contract. It includes any charge payable, directly or
 3 indirectly, by the buyer and imposed, directly or indirectly, by
 4 the seller as an incident to or a condition of the buyer's
 5 privilege of paying over a period of time[-], but shall not
 6 include a surcharge on the buyer when the buyer elects to use a
 7 credit, charge, or debit card in lieu of payment by cash, check,
 8 or similar means or a surcharge imposed by a financial
 9 institution for the use of a debit card for an automated cash
 10 withdrawal. It does not include any charge of a type payable in
 11 a comparable cash transaction[-] or a transaction processing fee
 12 charged by the owner of the automated cash withdrawal machine at
 13 the time of the transaction. The types of charges included in
 14 and excluded from the finance charge shall be the same as
 15 provided by the federal Truth in Lending Act."

16 SECTION 3. Statutory material to be repealed is bracketed
 17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval.

19

INTRODUCED BY:

Karen Curran
[Signature]
[Signature]



Report Title:

Debit Cards; Surcharge

Description:

Prohibits the imposition of a surcharge for a credit card, charge card, or debit card transaction.

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