

26105381D

SENATE BILL NO. 774

Offered January 22, 2026

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 4 of Title 6.2 a section numbered 6.2-432.1, relating to financial institutions; processing fee on taxes prohibited; civil penalty.

Patron—Mulchi

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 4 of Title 6.2 a section numbered 6.2-432.1 as follows:

§ 6.2-432.1. Processing fee on taxes prohibited; civil penalty.

A. For purposes of this section:

"Authorization" means the process through which a merchant requests approval for an electronic payment transaction from an issuer.

"Clearance" means the process of transmitting final transaction data from a merchant to an issuer for posting to the cardholder's account and the calculation of fees and charges, including processing fees, that apply to the issuer and the merchant.

"Debit card" means a card or other payment code or device issued or approved for use through a payment card network to debit an asset account, regardless of the purpose for which the account is established, whether authorization is based on a signature, a personal identification number, or other means. "Debit card" includes a general-use prepaid card, as defined in 15 U.S.C. § 1693l-1. "Debit card" does not include paper checks.

"Electronic payment transaction" means a transaction in which a person uses a debit card, credit card, or other payment code or device issued or approved through a payment card network to debit a deposit account or access a line of credit, whether authorization is based on a signature, personal identification number, or other means.

"Issuer" means an entity issuing a debit card or credit card or the issuer's agent.

"Payment card network" means an entity that (i) directly, or through licensed members, processors, or agents, provides the proprietary services, infrastructure, and software that routes information and data to conduct electronic payment transaction authorization, clearance, and settlement and (ii) a merchant uses to accept a brand of debit card or credit card to carry out electronic payment transactions.

"Processing fee" means a fee established, charged, or received by a payment card network for the purpose of compensating the issuer for its involvement in an electronic payment transaction.

"Processor" means an entity that facilitates, services, processes, or manages the debit or credit authorization, billing, transfer, payment procedures, or settlement with respect to any electronic payment transaction.

"Settlement" means the process of transmitting sales information to the issuer for collection and reimbursement of funds to the merchant and calculating and reporting the net transaction amount to the issuer and merchant for an electronic payment transaction that is cleared.

B. No payment card network shall impose or receive any processing fee on the portion of any transaction comprising the amount of taxes imposed by Chapter 6 (§ 58.1-600 et seq.) of Title 58.1 on any electronic payment transaction.

C. Any person, other than a merchant, that imposes or receives a processing fee in violation of this section is subject to a civil penalty of \$1,000 per electronic payment transaction and shall refund the merchant the portion of any processing fee improperly imposed or received.

2. That the provisions of this act shall become effective on July 1, 2028.