

SB221 ENROLLED



1 SB221
2 CXSA5WW-2
3 By Senator Orr
4 RFD: Finance and Taxation Education
5 First Read: 29-Jan-26



SB221 Enrolled

1 Enrolled, An Act,

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4 Relating to sales and use tax; to exclude credit card
5 transaction fees added to the price of goods or services
6 purchased by credit or debit card from the calculation of
7 sales and use taxes.

8 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

9 Section 1. (a) As used in this section, the following
10 terms have the following meanings:

11 (1) CREDIT CARD. Any card, plate, coupon book, or other
12 credit device existing for the purpose of obtaining money,
13 property, labor, or services on credit. The term shall also
14 mean any card or other payment code or device issued or
15 approved for use through a payment card network to debit an
16 asset account, regardless of the purpose for which the account
17 is established, whether authorization is based on signature,
18 personal identification number, or other means. The term
19 includes a general-use prepaid card, as defined in 15 U.S.C. §
20 16931-1(a)(2)(A). The term does not include paper checks.

21 (2) ELECTRONIC PAYMENT TRANSACTION. A transaction in
22 which a person uses a debit card, credit card, or other
23 payment code or device issued or approved through a payment
24 card network to debit a deposit account or use a line of
25 credit, whether authorization is based on a signature,
26 personal identification number, or other means.

27 (3) CREDIT CARD TRANSACTION FEE. A fee assessed on
28 purchases made by debit or credit card to offset interchange



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29 fees charged to a merchant or seller.

30 (b) The amount of any credit card transaction fee
31 charged for an electronic payment transaction shall be
32 excluded from the amount on which basis sales and use tax is
33 assessed for that electronic payment transaction.

34 (c) The Department of Revenue shall establish rules to
35 administer the provisions of this act.

36 Section 2. This act shall become effective on September
37 1, 2026.



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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB221

Senate 19-Mar-26

I hereby certify that the within Act originated in and passed the Senate.

Patrick Harris,
Secretary.

House of Representatives

Passed: 08-Apr-26

By: Senator Orr