

SB221 INTRODUCED



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



SYNOPSIS:

Under existing law, credit card transaction fees are included in sales and use tax calculations for purchases.

This bill would provide that a credit card transaction fee is excluded from sales and use tax calculations on the price of goods and services purchased by credit or debit card.

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

(1) CREDIT CARD. Any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit. The term shall also mean any card or other payment code or device issued or



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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 signature, personal identification number, or other means. The term includes a general-use prepaid card, as defined in 15 U.S.C. § 16931-1(a)(2)(A). The term does not include paper checks.

(2) ELECTRONIC PAYMENT TRANSACTION. 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 use a line of credit, whether authorization is based on a signature, personal identification number, or other means.

(3) CREDIT CARD TRANSACTION FEE. A fee assessed on purchases made by debit or credit card to offset interchange fees charged to a merchant or seller.

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

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

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