

## Purchasing Card Surcharge Fees

After a long court case with credit card networks (Visa/MasterCard), vendors are now allowed to assess “surcharge fees”, aka “checkout fees”, to credit card transactions. The fee will be a percentage of the sale, not to exceed 4% of the transaction amount.

This change actually took place beginning January 27, 2013. We haven’t seen many surcharge fees for a variety of reasons:

- Fees are imposed solely at the vendor’s discretion
- Fees may make the vendor less competitive
- Vendors are required to disclose the fee PRIOR to sale (look for signs at store entrance, on front of register, at website checkout)
- Surcharge fees must appear as a separate line item on receipts
- Debit and pre-paid cards cannot be assessed surcharge fees
- Certain states restrict surcharge fees
- US vendors are required to submit a notification form to the credit card networks prior to assessing surcharge fees

Just as vendors may use their discretion about imposing surcharge fees, State of Maryland Cardholders will use their discretion about paying them. It’s a business decision. Prior to completing the sale, cardholders will decide if they will process payment by purchasing card and pay the surcharge fee, or choose another form of payment (PO and invoice). **If you believe that a surcharge fee is questionable (ex. you were charged more than 4% or the fee was not disclosed upfront), please contact Melissa Murphy at 1-855-250-6421, ext. 156-6260, email [melissa.murphy@usbank.com](mailto:melissa.murphy@usbank.com).**

Want to learn more about Surcharge Fees? Follow the links below for additional information:  
 Visa: <https://usa.visa.com/dam/VCOM/download/merchants/surcharging-faq-by-merchants.pdf>

[http://www.americanbanker.com/issues/178\\_61/18-states-considering-bans-on-credit-card-surcharges-1057901-1.html](http://www.americanbanker.com/issues/178_61/18-states-considering-bans-on-credit-card-surcharges-1057901-1.html)

<https://www.lexology.com/library/detail.aspx?g=36c4d678-5fae-4e83-9a58-0143e735eb54>

## Credit Card Convenience Fees

Convenience fees are not surcharges, which are costs added simply for the privilege of using a credit card as described above. Convenience fees may only be assessed when accepting credit cards is an alternative payment channel for the business. Movie theaters, for example, typically sell tickets face to face in the box office. However, if a movie theater gives customers the alternative option of paying by phone or website using a credit card, then that theater could charge a "convenience fee" for the privilege. You would not be paying for the privilege of using your credit card, but for the privilege of using the pay-by-phone or pay-by-website option. Know your choices and make informed decisions.