

## CHAPTER NO. 706

## HOUSE BILL NO. 3252

**By Representatives Miller, Bowers, Lois DeBerry, Tindell**

**Substituted for: Senate Bill No. 2429**

**By Senators Dixon, Atchley**

AN ACT to amend Tennessee Code Annotated, Section 9-1-108, relative to the collection of funds on behalf of state or local government.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-1-108, is amended by adding the following language as a new, appropriately designated subsection:

( ) (1) It is lawful for any municipal or county entity or officer to receive payment by credit card or debit card for any public taxes, licenses, fines fees or other moneys collected by such municipal or county entity or officer.

(2) As used in this subsection, unless the context otherwise requires:

(A) "Credit card" has the same meaning as defined in § 47-22-101.

(B) "Debit card" has the same meaning as defined in § 39-14-102(3).

(3) Any municipal or county entity or officer collecting payment by credit card or debit card pursuant to the provisions of this subsection shall set and collect a processing fee in an amount that is equal to the amount paid the third party processor for processing the payment. However, the processing fee shall not be set in an amount that exceeds five percent (5%) of the amount of the payment collected by credit card or debit card.

(4) If a payment by credit card is not honored by the credit card company issuing the card, or if a payment by a debit card is not honored by the entity on which the funds are drawn, the municipal or county governmental entity or officer may collect a service charge from the person who owes the municipal or county tax, fee, fine, penalty, interest or other charge, for processing the transaction. The amount of the service charge shall be the same amount as the fee charged for the collection of a check drawn on an account with insufficient funds. Provided, however, this service charge shall not apply nor be collected if an electronic device is used to conduct the transaction, the card and card holder are present, and the officer learns of the declination of the credit card or debit card at the time of the transaction is processed.

(6) Processing fees or service charges collected under this subsection by municipal entities or officers shall be deposited into the general fund of the municipal entity.

(7) The municipal or county entity or officer collecting funds through payment by a credit card or debit card shall state on any notice to the person owing the taxes, fine, fee or other money either the percentage of the processing fee for use of a credit card or debit card or the actual fee imposed for the use of a credit card or debit card.

(8) In no event shall the use of the credit card or debit card result in the municipal or county official collecting less than is otherwise required or permitted by law for the payment of the taxes, licenses, fees fines or other moneys due and payable.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: May 1, 2000**

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

**APPROVED this 9<sup>th</sup> day of May 2000**

  
DON SUNDQUIST, GOVERNOR