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**SENATE BILL 5363**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Lovick, J. Wilson, Chapman, and Wagoner

AN ACT Relating to modernizing payment systems by expanding consumer-friendly transaction options for registered tow truck operators and regulated businesses; adding a new section to chapter 19.200 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that registered tow truck operators play a critical role in maintaining public safety and ensuring the smooth operation of transportation systems across Washington state. A significant portion of their work involves responding to calls from law enforcement, fire departments, and other public agencies, often under urgent and challenging conditions. Despite the essential nature of their services, registered tow truck operators in Washington state frequently do not receive compensation for many of the vehicles they are required to tow. This creates a substantial financial burden, especially for small businesses operating in this sector.

(2) Furthermore, while unregulated businesses are permitted to recover credit card processing fees by transparently passing those costs on to consumers, regulated businesses, including tow truck operators, are not afforded this same ability. This results in an economic disadvantage, particularly for operators already facing significant expenses related to unreimbursed tows and the costs of maintaining compliance with state regulations. Notably, the state of Washington itself imposes convenience fees on consumers for credit and debit card transactions related to state services, including licensing, property taxes, and court payments. In 2021, Washington state enacted legislation requiring the department of licensing to charge transaction fees for credit card payments, further illustrating the necessity of such cost-recovery mechanisms. For example, RCW 46.01.235 authorizes the department of licensing to charge fees for electronic payment transactions.

(3) The legislature recognizes the urgent need to modernize payment systems for regulated businesses, ensuring they can recover credit card transaction fees in a transparent and consumer-friendly manner. This modernization would align the practices of regulated businesses with those already implemented by the state and unregulated industries, fostering fairness and economic sustainability.

(4) By addressing these inequities, this act aims to support small businesses providing essential public safety services, promote fair economic practices, and ensure consumers continue to have access to transparent payment options. Establishing a consistent framework for credit card transaction fees will help preserve the viability of critical services while protecting consumer choice.

NEW SECTION. **Sec.**  A new section is added to chapter 19.200 RCW to read as follows:

(1) Businesses whose fees or charges are regulated in Washington state are allowed to charge a transaction fee for processing a credit card payment provided that:

(a) A no-cost payment option is always available to the consumer; and

(b) The no-cost payment option is disclosed to the consumer at the same time and in the same manner as the consumer's credit card information is taken.

(2) The transaction fee amount shall not exceed three percent of the payment amount.

(3) For purposes of this section, "credit card payment" means any payment made by a payment card that incurs an interchange fee, regardless of the type of payment card used.

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