
A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

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

1 SECTION 1. The legislature finds that, historically,
2 merchants treated credit card processing fees as a routine cost
3 of doing business and did not pass these fees on to consumers.
4 Early federal law prohibited credit card surcharges, and
5 although those restrictions expired in 1984, they reflected a
6 long-standing public policy aimed at preventing excessive
7 charges to consumers.

8 The legislature further finds that major credit card
9 networks once barred merchants from imposing surcharges. Over
10 time, these prohibitions were relaxed or eliminated, allowing
11 merchants to begin passing processing fees on to consumers.

12 While several consumer protections exist for debit card
13 transactions, including contractual restrictions that prevent
14 merchants from imposing certain additional charges, these
15 protections do not extend to, cap, or directly regulate
16 surcharges or convenience fees for credit card transactions.



1 Therefore, establishing reasonable limits and disclosure
2 standards on credit card and convenience fees is necessary to
3 ensure fairness and transparency in the allocation of credit
4 card payment processing costs, balancing consumer protection and
5 merchant flexibility.

6 The purpose of this Act is to protect consumers from
7 excessive credit card processing fees and convenience fees by:

- 8 (1) Prohibiting merchants from imposing credit card
9 processing fees or convenience fees, under certain
10 conditions;
- 11 (2) Ensuring that payment processing costs are reasonable
12 and transparent; and
- 13 (3) Codifying existing industry protections that prohibit
14 merchants from imposing surcharges on debit card
15 transactions.

16 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "**§481B- Credit card processing fees; convenience fees;**
20 **limitations.** (a) No merchant with annual gross income



1 exceeding \$500,000 shall impose any credit card processing fee
2 or convenience fee.

3 (b) A merchant with a gross income threshold that is equal
4 to or less than the amount in subsection (a) shall not impose a
5 credit card processing fee or convenience fee that exceeds the
6 lesser of:

7 (1) Two per cent of the total amount of the transaction;
8 or
9 (2) The merchant's actual cost of processing the
10 transaction.

11 (c) No merchant shall increase the price of any good or
12 service, or otherwise alter or adjust the advertised or posted
13 price, solely because the consumer elects to pay with a credit
14 card. Any increase in price based on the method of payment
15 shall be considered a credit card processing fee or convenience
16 fee subject to the limitations of this section.

17 (d) Any credit card processing fee or convenience fee
18 charged under this section shall be:
19 (1) Clearly and conspicuously disclosed to the consumer
20 prior to the completion of the transaction; and



1 (2) Displayed as a separate line item on any receipt or
2 invoice provided to the consumer.

3 (e) No merchant shall impose multiple fees for the same
4 transaction that collectively exceed two per cent of the total
5 amount of the transaction.

6 (f) Nothing in this section shall be construed to prohibit
7 a merchant from offering cash discounts or other price
8 reductions in compliance with state and federal law.

9 (g) No merchant shall impose any surcharge, credit card
10 processing fee, convenience fee, or additional fee on a consumer
11 for using a debit card, whether processed as a "debit" or
12 "credit" transaction.

13 (h) A violation of this section shall constitute an unfair
14 or deceptive act or practice under section 480-2 and shall be
15 subject to all remedies and penalties provided in that section.

16 (i) The department of commerce and consumer affairs may
17 adopt rules pursuant to chapter 91 to effectuate the purposes of
18 this section.

19 (j) For the purposes of this section:



1 "Convenience fee" means any fee charged to a consumer for
2 the ability to make a payment by means other than cash or check,
3 including electronic or online payment systems.

4 "Credit card processing fee" means any surcharge, fee, or
5 additional amount imposed on a consumer for the use of a credit
6 card, charge card, or similar electronic payment method.

7 "Merchant" means any person, business, or entity that sells
8 goods or services to consumers in the State."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on January 1, 2027.

11

INTRODUCED BY:



JAN 23 2026



H.B. NO. 1930

Report Title:

Credit Card Processing Fees; Convenience Fees; Consumer Protection; Merchants; Limitations

Description:

Prohibits merchants from imposing credit card processing fees or convenience fees, under certain conditions. Ensures that payment processing costs are reasonable and transparent. Prohibits merchants from imposing surcharges on debit card transactions. Effective 1/1/2027.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

