



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Assembly Bill 398

**Assembly Substitute
Amendment 1**

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Current federal law generally provides that, in a consumer credit transaction, a credit card issuer may not prohibit a merchant from offering a discount to a consumer in order to induce the consumer to pay by cash rather than pay by use of a credit card. [See 12 C.F.R. s. 226.12 (f) (1).] There is no similar state law.

Assembly Substitute Amendment 1 makes state law equivalent to federal law. Thus, under the substitute amendment, a credit card issuer may not prohibit a merchant from offering a discount to a customer to induce the customer to pay by cash rather than pay by use of a credit card. This provision only applies in a consumer credit transaction when the amount financed is \$25,000 or less and when credit is sought for personal, family, or household purposes. A contract clause contrary to this policy will be unenforceable in Wisconsin. [See ss. 421.202 (6), 421.301 (17), and 425.306, Stats.]

Legislative History

On October 6, 2005, the Assembly Committee on Transportation recommended for adoption Assembly Substitute Amendment 1 by a vote of Ayes, 13; Noes, 0.

The Assembly Committee on Transportation recommended passage of the bill, as amended, by a vote of Ayes, 13; Noes, 0.

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