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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE NO. 284

January 26, 2009
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The bill was read for the first time and referred to the Committee on Commerce and Labor

A bill for an act

relating to commerce; prohibiting unreasonable blocks on a customer's access to credit capacity on a credit card or debit card; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325G.

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

Section 1. **[325G.053] UNREASONABLE CREDIT BLOCKING PROHIBITED.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Capacity" means a dollar amount of available credit in the case of a credit card, and a dollar amount of the account balance or overdraft capacity in the case of a debit card.

(c) "Credit block" means an arrangement between a retailer and an issuer, in which the issuer, at the request of a retailer, reserves, prior to completion of a purchase, a specified dollar amount of the customer's purchasing capacity for use in connection with a purchase initiated by a customer with the retailer.

(d) "Issuer" means the entity that issued the credit card or debit card or an entity that administers credit blocks on behalf of the issuer.

(e) "Retailer" means a gasoline retailer, a hotel or similar short-term lodging facility, or a rental car company.

Subd. 2. **Gasoline credit blocks limited.** (a) A gasoline retailer must release a credit block as soon as possible after the gasoline purchase has been completed or otherwise ended. The credit block must in any case be released before the end of the gasoline retailer's business day.

(b) A gasoline retailer must not initiate a credit block for a dollar amount that exceeds the price per gallon for the most expensive type of gasoline sold by the retailer multiplied by 24.

Subd. 3. **Hotel credit blocks limited.** (a) A hotel or similar short-term lodging facility must release a credit block as soon as possible after the customer's stay has ended and the hotel has authorization to charge against the customer's credit or debit card. The credit block must in any case be released before the end of the hotel's business day.

(b) A hotel or similar short-term lodging facility must not initiate a credit block for an amount that exceeds the number of days of the customer's reservation multiplied by 110 percent of the daily rate to be charged to the customer for the room, including all taxes.

Subd. 4. **Rental car credit blocks limited.** (a) A rental car company must release a credit block as soon as possible after the return of the vehicle. The credit block must in any case be released before the end of that business day.

(b) A rental car company must not initiate a credit card block for a dollar amount that exceeds the number of days of the customer's reservation multiplied by the daily rental rate being charged to the customer, including all taxes, plus an additional $30.

Subd. 5. **Enforcement.** (a) No one may bring a private cause of action to enforce this section unless the individual has first in good faith attempted to correct the problem with the party violating the section.

(b) This section may be enforced under section 8.31, including the private cause of action under section 8.31, subdivision 3a. In such a private cause of action, a retailer that has violated this section is liable to the customer for statutory damages of $1,000, actual damages if any, and the customer's costs and disbursements incurred in the action.

(c) A customer against whom a retailer has violated this section has a private cause of action against the retailer under this section. In such a cause of action, the customer may recover statutory damages of $1,000, actual damages if any, and the customer's costs and disbursements incurred in the action.

(d) A private cause of action authorized under paragraph (b) or (c) is in the public interest.

EFFECTIVE DATE. This section is effective August 1, 2009.