

A woman with dark curly hair, wearing glasses and a dark apron over a white shirt, is smiling while talking on a flip phone. She is holding a clipboard and pen in her other hand. The background is a blurred kitchen or cafe setting. A large, dark, diagonal graphic element is overlaid on the left side of the image.

CREDIT CARD SURCHARGE AND CASH DISCOUNT LAWS GUIDE

2025

Credit Card Surcharges

- ▶ Credit card surcharges are fees added by merchants to customers who pay with a credit card to cover the costs the business incurs for processing credit card payments. These fees—generally a percentage of the transaction amount—are intended to offset the swipe fee/interchange fees that credit card networks charge businesses for each transaction.

Cash Discounts

- ▶ A cash discount refers to a strategy that offers customers a discount if they pay with cash instead of a credit or debit card.



About the Chart

- ▶ The NFIB Legal Center created this chart, starting on page four, to help small businesses determine when a business can legally impose a surcharge or offer a cash discount. In addition to state regulations, there are federal restrictions and specific guidelines from credit card networks that businesses must also follow. For example, merchants must notify their card issuer 30 days before imposing surcharges, disclose surcharges to consumers at the point of entry, point of sale, and on every receipt, and in no case can a credit card surcharge exceed 4%.¹

The surcharges referenced in this chart apply only to credit cards. Federal law makes it illegal nationwide to impose surcharges on debit card use. Federal law prohibits card issuers from restricting the ability of businesses to offer cash discounts and requires that any business offering cash discounts make them available to all prospective buyers and clearly and conspicuously disclose the availability of such discount.²



The chart on page four is for informational purposes and should not be considered legal advice.

This information may not reflect the most current developments. Readers should consult an attorney to ensure any surcharges or specific payment offerings comply with all applicable requirements. While the NFIB Legal Center cannot act as your attorney or give you legal advice, we can answer questions about this chart or provide updated guidance on your State's requirements. Email us at info@nfib.org.

¹Army Federal Acquisition Regulation Supplement, [Chapter 6-6 Surcharges](#); Visa, [U.S. Merchant Surcharge Q&A](#); Mastercard, [What Merchant Surcharge Rules Mean to You](#).

²15 U.S.C. § 1666f.



State	Allows CC Surcharge?	Cash Discounts Permitted?	Additional Information	Swipe/Interchange Fee Restrictions ³	State Contact Information & Resources
AL	Yes	Yes	N/A	N/A	Alabama Attorney General
AK	Yes	Yes	N/A	N/A	Alaska Department of Law
AZ	Yes	Yes	N/A	N/A	Arizona Attorney General
AR	Yes	Yes	Credit card surcharges should be disclosed to the consumer prior to the transaction.	N/A	Arkansas Attorney General Attorney General Article on Convenience and Surcharge Fees
CA	NO	Yes	<p>California law, SB 478, prohibits a wide range of add-on fees, including surcharge fees. The bill requires that merchants advertise the total price a customer will pay for a good or service up front, excluding only government-imposed taxes or fees. The Attorney General's statement on SB 478 makes clear that a business can add a surcharge into its pricing, so long as that surcharge is baked into the price for all customers and is advertised as the price of the good or service. A business cannot add a surcharge at the register on top of the advertised price.</p> <p>Cash discounts are allowed so long as they are offered to all prospective customers.</p> <p>SB 478 does not impact the ability of merchants to offer cash discounts.</p> <p>Cash discounts may be excluded from the measure of sales tax.</p>	In the 2025-2026 legislative session, the California Assembly considered a bill (AB1065 2025-2026) that would prohibit banks and card issuers from charging merchants interchange fees on the tax and gratuity portions of a transaction.	California Attorney General California Attorney General Notice on Credit Card Surcharges CA Civ Code § 1748.1 California Department of Tax and Fee Administration Regulation 1671

³The bills imposing restrictions on interchange fees generally apply to both credit and debit cards.

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CO	Yes	Yes	<p>Colorado law, SB 21-091, caps credit card surcharges at 2% of the total cost of the transaction OR the actual fee the merchant pays to process the transaction.</p> <p>Merchants must post a sign on their premises notifying consumers of the fee. The law requires that the sign include certain language.</p> <p>The surcharge must be a separate line item on the transaction receipt.</p>	<p>In the 2025 legislative session, the Colorado House considered HB25-1282. This bill would restrict the amount of interchange fees imposed by card issuers and banks, including by prohibiting them on the tax or gratuity portions of a transaction.</p>	<p>Colorado Attorney General</p>
CT	NO	Yes	<p>Connecticut Chapter 739 Sec. 42-133ff prohibits all surcharges.</p> <p>Minimum amounts on card transactions are permitted so long as the merchant clearly and conspicuously posts a notice informing consumers of the minimum.</p> <p>Cash discounts are allowed, so long as the merchant clearly and conspicuously posts a notice informing consumers of the discount.</p>	<p>In the 2025 legislative session, multiple bills were introduced in the Connecticut General Assembly to restrict interchange fees. For example, SB 1460 would prevent card issuers and banks from imposing interchange fees on the sales or use tax portion of a transaction.</p>	<p>Connecticut Attorney General</p> <p>Department of Consumer Protection Surcharge Summary</p>
DE	Yes	Yes	N/A	N/A	<p>Delaware Department of Justice</p>
FL	Yes	Yes	<p>Florida law, Chapter 501.0117, had long prohibited credit card surcharges. In 2015, a federal court, in Dana's Railroad Supply v. Attorney General, held this law was unconstitutional. The effect of this ruling means that merchants can impose credit card surcharges, but these fees must be disclosed to the consumer before the purchase.</p>	N/A	<p>Florida Attorney General</p> <p>Attorney General—How To Protect Yourself: Credit Card Surcharges</p>

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GA	Yes	Yes	<p>Credit card surcharges are allowed, but restricted. The surcharge amount cannot exceed the merchant's actual cost to accept the card. The merchant must also post a sign at the point of entry notifying consumers of the surcharge. The exact amount of the surcharge must be disclosed at the point of sale and on customers' receipts.</p> <p>Cash discounts are not included in determining the amount of sales tax owed for a transaction.</p>	N/A	Georgia Attorney General Consumer Ed Credit Card Surcharges Georgia Department of Revenue Advisory "What is Subject to Sales and Use Tax?"
HI	Yes	Yes	<p>According to Hawaii Revised Statutes 18-237-3(b), "gross income" and "gross proceeds of sale" for excise tax liability do not include cash discounts. Department of Taxation Tax Information Release 2024-03 confirms that cash discounts are excluded from tax liability.</p>	N/A	Hawaii Attorney General
ID	Yes	Yes	N/A	N/A	Idaho Attorney General
IL	Yes	Yes	<p>Cash discounts are not subject to Retailers' Occupation Tax Liability. In other words, an Illinois merchant only pays tax on the amount of the transaction after the cash discount is applied.</p>	<p>The Illinois Interchange Fee Prohibition Act, 815 ILCS 151 art. 150, prevents card issuers and banks from charging interchange fees on the tax or gratuity portion of a transaction. It is the merchant's responsibility to submit the tax or gratuity amounts as part of the authorization or settlement process.</p>	Illinois Attorney General Ill. Admin. Code Tit. 86 § 130.2125
IN	Yes	Yes	N/A	N/A	Indiana Attorney General
IA	Yes	Yes	N/A	N/A	Iowa Attorney General

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KS	Yes	Yes	To impose a credit card surcharge, a business must disclose the amount of the surcharge through a clear and conspicuous notice to the customer at the point of entry or point of sale and in advance of the transaction.	N/A	Kansas Attorney General KS Stat 16a-2-403 KS House Bill 2247
KY	Yes	Yes	Cash discounts are not included in a merchant's gross receipts and not subject to sales tax.	N/A	Kentucky Attorney General 103 KAR 31:080
LA	Yes	Yes	Cash discounts are generally not subject to sales tax.	N/A	Louisiana Attorney General RS 47:301 RS 47:302
ME	NO	Yes	<p>While Maine Title 9-A § 8-509 allows government entities to impose a credit card surcharge, it prohibits private entities from doing the same.</p> <p>Cash discounts are not included in the surcharge prohibition and are allowed.</p>	N/A	Maine Attorney General
MD	Yes	Yes	<p>Credit card surcharge fees cannot exceed 4% of the transaction amount.</p> <p>Sales tax does not apply to cash discounts.</p>	N/A	Maryland Attorney General Maryland Commercial Law § 12 - 509 Comptroller of Maryland Business Tax Tip #8

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MA	NO	Yes	<p>Title 20, Chapter 140D, Section 28A prohibits credit card surcharges.</p> <p>Section 28A permits cash discounts, so long as they are offered to all prospective buyers and their availability is displayed clearly and conspicuously.</p> <p>According to Department of Revenue regulation 830 CMR 64H.1.4, cash discounts are excluded from the sales price figure upon which sales tax is based.</p>	In the 2025 legislative session, the Senate considered bill S.688 , which would prevent card issuers and banks from imposing interchange fees on the tax or gratuity portions of a transaction.	Massachusetts Attorney General
MI	Yes	Yes	<p>Merchants must post notice of the surcharge at both the point of entry and point of sale, as well as online if making online transactions. The surcharge amount must be itemized on sales receipts.</p> <p>According to Michigan Department of Treasury Rule 205.22 (2), cash discounts are tax deductible when determining the merchant's net sales price subject to tax.</p>	N/A	Michigan Attorney General Michigan Consumer Protection Credit and Debit Card Surcharges
MN	Yes	Yes	<p>Minn. Stat. 325G.051 allows surcharges on credit card transactions, so long as the seller informs the buyer orally at the time of sale and with a sign posted on the premises.</p> <p>While Minnesota law allows surcharges up to 5%, merchants must not impose a surcharge above the 4% cap set by federal law or a lower number agreed upon with credit card issuers.</p>	N/A	Minnesota Attorney General

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MN cont.	Yes	Yes	<p>Minnesota's Deceptive Trade Practices Act makes it illegal to display a price that does not include all mandatory surcharges. A surcharge is mandatory if a consumer cannot "reasonably avoid" it. This means if a business accepts other forms of payment, the credit card surcharge is not mandatory and does not need to be included in the advertised price. If a business only accepts credit cards, the surcharge would be mandatory and must be included.</p> <p>Cash discounts are permitted, so long as they are available to all buyers and clearly and conspicuously disclosed.</p>	N/A	Minnesota Attorney General FAQ on New Price Transparency Law Impact on Deceptive Trade Practices Act
MS	Yes	Yes	<p>According to MS Tax Bulletin 72-501-08-3, discounts where the merchant is not reimbursed for offering the discount, like cash discounts, are not included in the amount subject to sales tax.</p>	N/A	Mississippi Attorney General
MO	Yes	Yes	N/A	N/A	Missouri Attorney General
MT	Yes	Yes	<p>Multiple non-government sources report that Montana has a 3% surcharge cap. These sources point to a 2021 bill that does not appear to have passed.</p>	N/A	Montana Attorney General 2021 MT Leg LC 0350.001
NE	Yes	Yes	<p>According to Department of Revenue Reg-1-024, cash discounts are not included in the sales price, which determines the tax owed.</p>	N/A	Nebraska Attorney General

State	Allows CC Surcharge?	Cash Discounts Permitted?	Additional Information	Swipe/Interchange Fee Restrictions	State Contact Information & Resources
NV	Yes	Yes	<p>Merchants must post signs notifying consumers of the surcharge at the point of entry and point of sale before the transaction. The surcharge must be itemized on the receipt. A surcharge cannot exceed the amount that a merchant pays to accept the credit card.</p> <p>Nevada advises consumers to ask merchants for the surcharge policy if any surcharge exceeds 1.5%.</p> <p>Under NRS 97A.210, card issuers cannot restrict or prohibit businesses from offering cash discounts.</p>	N/A	<p>Nevada Attorney General</p> <p>Attorney General Statement on Surcharging Practices</p>
NH	Yes	Yes	N/A	N/A	New Hampshire Department of Justice
NJ	Yes	Yes	<p>Under N.J. 56:8-156.2 credit card surcharges may not exceed the actual cost to process the credit card payment.</p> <p>Notice of a credit card surcharge must be posted at the point of entry and point of sale. The notice must tell consumers the amount of the surcharge prior to the transaction.</p> <p>Assembly Bill No. 4923, introduced during the 2024-2025 legislative session but not yet passed, would prohibit credit card surcharges and require notice of minimums for credit card transactions or notice of cash discounts to be posted at the point of entry and point of sale.</p>	N/A	<p>New Jersey Attorney General</p> <p>Credit Card Surcharges FAQ</p>
NM	Yes	Yes	N/A	N/A	New Mexico Attorney General

State	Allows CC Surcharge?	Cash Discounts Permitted?	Additional Information	Swipe/Interchange Fee Restrictions	State Contact Information & Resources
NY	Yes	Yes, under two-tier pricing requirement.	<p>According to NY General Business Law Article 29-A § 518.1, merchants must clearly and conspicuously post the total price for using a credit card in a transaction.</p> <p>A surcharge may not exceed the amount charged to the business by the credit card company. The final sales price must not exceed the price posted for the goods.</p> <p>Merchants can offer a cash discount via a two-tier pricing system where each good has two prices: one total inclusive of the credit card surcharge and one total for cash.</p>	In the 2025 legislative session, the Assembly considered Bill A6603 , which would prevent card issuers and banks from applying interchange fees to the tax or gratuity portions of a transaction.	New York Attorney General
NC	Yes	Yes	N/A	N/A	North Carolina Department of Justice
ND	Yes	Yes	Sales tax is calculated on the transaction total after applying the cash discount. The Guideline from the Tax Commissioner offers an example of this calculation.	N/A	North Dakota Attorney General
OH	Yes	Yes	N/A	N/A	Ohio Attorney General
OK	Unclear ⁴	Yes	<p>Oklahoma law 14A-2-417 prohibits credit card surcharges, but the Attorney General has concluded in 2019 OK AG 12 that the ban is likely unconstitutional.</p> <p>Cash discounts must be clearly and conspicuously offered to all prospective buyers.</p>	N/A	Oklahoma Attorney General
OR	Yes	Yes	N/A	N/A	Oregon Department of Justice

⁴Oklahoma statutory law 14A-2-417 prohibits credit card surcharges. However, in light of court challenges to similar laws across the country, the Oklahoma Attorney General issued 2019 OK AG 12, concluding that “Oklahoma’s ban on surcharges for purchases using credit cards . . . would not survive scrutiny” and would violate the First Amendment of the United States Constitution under certain pricing schemes. Attorney general opinions are advisory, not binding. Oklahoma merchants seeking to impose a credit card surcharge should consult with an attorney before doing so.

State	Allows CC Surcharge?	Cash Discounts Permitted?	Additional Information	Swipe/Interchange Fee Restrictions	State Contact Information & Resources
PA	Yes	Yes	N/A	N/A	Pennsylvania Attorney General
RI	Yes	Yes	<p>Multiple non-government sources suggest that Rhode Island highly regulates credit card surcharges, citing a 2021 Bill, S.0925. This bill does not appear to have passed, meaning its requirements are not in effect.</p> <p>According to Division of Taxation Ruling Request No. 97-06, cash discounts are not included for the purpose of determining the amount of sales tax owed.</p>	<p>In the 2025 Legislative Session, the General Assembly considered H.5554, a bill that would prohibit card issuers from imposing interchange fees on businesses for the tax and gratuity portions of a transaction.</p>	Rhode Island Attorney General
SC	Yes	Yes	<p>South Carolina Department of Revenue Ruling 22-10 approvingly references “non-cash adjustment fees” and presents an example of these fees as a surcharge on credit card transactions.</p> <p>S.C. Laws 12-36-90 confirms that cash discounts are not included in “gross proceeds of sales” for sales tax purposes.</p>	N/A	South Carolina Attorney General
SD	Yes	Yes	<p>Credit card surcharges cannot exceed the amount the merchant pays to accept the credit card. Merchants must disclose the surcharge at the point of entry and point of sale, and on the merchant’s homepage if doing business online.</p> <p>The disclosure above must include the amount of the surcharge and a statement that it does not exceed the merchant’s cost to accept the card.</p> <p>The dollar amount of a surcharge must appear on the transaction receipt. Page 7 of the Sales and Use Tax Guide confirms that cash discounts are not included in a merchant’s gross receipts.</p>	N/A	South Dakota Attorney General Consumer Protection Notice for Credit, Debit, and ATM Cards

State	Allows CC Surcharges?	Cash Discounts Permitted?	Additional Information	Swipe/Interchange Fee Restrictions	State Contact Information & Resources
TN	Yes	Yes	<p>Merchants must not advertise a lower price than those actually charged or hide differences between cash, credit, or debit prices.</p> <p>Merchants must clearly and prominently disclose, prior to the sale, the price of an item including all additional fees.</p> <p>Cash discounts are deducted from the total amount of business tax a merchant owes.</p>	<p>In the 2025 legislative session, bills were introduced and considered in both the House (H.B. 967) and Senate (S.B. 370) that would prohibit card issuers and banks from charging interchange fees on the tax portions of a transaction.</p>	<p>Tennessee Attorney General</p> <p>TN Attorney General 2021 Notice on Credit Card Surcharges</p> <p>TN Department of Revenue Deductions, Exemptions, and Credits</p>
TX	Unclear ⁵	Yes	<p>Texas Title 12 Section 604A.0021 prohibits private entities from imposing credit card surcharges, even though government entities can impose surcharges.</p> <p>The law prohibiting surcharges expressly permits cash discounts.</p>	<p>In the 2025 legislative session, bills were introduced and considered in both the House (H.B.4124) and Senate (S.B.2026) that would require card issuers and banks to exclude taxes and gratuities from interchange fees or rebate merchants for any interchange fees paid on these portions of a transaction.</p>	<p>Texas Attorney General</p> <p>Texas Attorney General KP-0257</p>
UT	Yes	Yes	<p>Prior to the purchase, a business must notify consumers of the surcharge, and the exact amount to be paid. A line item on a receipt is not enough.</p> <p>Businesses must not be misleading about the nature or purpose of a surcharge fee. Stating that a surcharge is a “credit card processing fee” is misleading if the surcharge is more than the entity actually pays for credit card processing.</p>	N/A	<p>Utah Attorney General</p> <p>Utah Department of Commerce Surcharges and Fees</p>

⁵ The Texas Business and Commerce Code, Title 12 Section 604A.0021, prohibits merchants from imposing credit card surcharges. In 2018, a federal court found that Texas’ prohibition on credit card surcharges was unconstitutional. *Rowell v. Paxton*, 336 F. Supp. 3d 724 (E.D. Tex. 2018). In Opinion Letter KP-0257, the Texas Attorney General suggested that Section 604A.0021 remains valid in certain circumstances. Businesses wanting to impose a surcharge on credit card transactions should consult with a Texas attorney before doing so to ensure they are in full compliance with state law.

State	Allows CC Surcharge?	Cash Discounts Permitted?	Additional Information	Swipe/Interchange Fee Restrictions	State Contact Information & Resources
VT	Yes	Yes	State law, 9 V.S.A § 2480p , prevents card issuers from restricting the ability of merchants to offer cash discounts. It also permits merchants to impose a \$10 minimum purchase requirement for credit card transactions.	N/A	Vermont Attorney General
VA	Yes	Yes	<p>Cash discounts taken on sales are not includible in the sales price for purposes of computing the tax.</p> <p>In computing the amount of a discount that may be subtracted from gross sales, the discount must be allocated between sales price and sales tax.</p> <p>23VAC10-210-250 provides examples of computing cash discounts.</p>	N/A	Virginia Attorney General
WA	Yes	Yes	N/A	N/A	Washington Attorney General
WV	Yes	Yes	N/A	N/A	West Virginia Attorney General
WI	Yes	Yes	Wis Stat § 422.422 prevents card issuers from restricting the ability of merchants to offer cash discounts.	N/A	Wisconsin Department of Justice
WY	Yes	Yes	<p>Based on WY Stat. § 40-14-209, cash discounts cannot exceed 5% of transaction.</p> <p>Cash discount must be available to all prospective buyers and its availability clearly and conspicuously disclosed.</p>	N/A	Wyoming Attorney General



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