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Testimony of

Christopher Carlozzi, State Director, National Federation of Independent Business
In Opposition to House Bill No. 7409
Relating to Commercial Law – Deceptive Trade Practices
Before the House Committee on Corporations
February 3, 2026

Chair Solomon and Members of the House Committee on Corporations:

My name is Christopher Carlozzi. I am the Rhode Island Director of the National Federation of Independent Business (NFIB). A non-profit, non-partisan organization, NFIB is the nation's and Rhode Island's largest small business advocacy group. In Rhode Island, NFIB represents hundreds of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from across the state. On behalf of those small and independent business employers in Rhode Island, I urge you to oppose House Bill No. 7409, prohibiting credit card swipe fees.

Only a handful of states like California, Connecticut, and Massachusetts prohibit swipe fees from being passed along to consumers. However, legislation currently advancing in Massachusetts (Senate Bill No. 2819) will reverse the current ban and allow retailers to pass along a portion of credit fee costs to consumers if there is conspicuous signage. That will mean if House Bill No. 7409 moves forward, Rhode Island will once again become an outlier with a small group of states.

Small businesses operate on razor-thin margins. Unfortunately, those margins are even narrower in the wake of prolonged inflation, supply chain disruptions, and labor shortages. At a time when fewer consumers opt to use cash, credit card companies have exponentially increased "swipe fees" on businesses. In fact, reports show that "swipe fees" have more than doubled since 2012. Employers note that processing fees are now a growing portion of a business' operating budget. As credit card companies incentivize consumers to utilize their cards more frequently to obtain rewards points and cash back, small businesses end up subsidizing the cost through unreasonable "swipe fees."

House Bill No. 7409 will make it harder for small businesses to absorb the growing budgetary expense of swipe fees. It is worth noting that these fees are not just levied on goods and services but also collected on workers' tips as well as sales tax collections for the state of Rhode Island.

I strongly urge this Committee to oppose House Bill No. 7409 that will make Rhode Island an even more expensive state to operate a small business. Thank you.