



# Rhode Island Lumber and Building Material Dealers Association

## MEMORANDUM OF OPPOSITION

### H.7409 RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- DECEPTIVE TRADE PRACTICES

The Rhode Island Lumber & Building Material Dealers Association (RILBMDA) strongly opposes H.7409, which would prohibit retailers from applying a credit card surcharge and classify such pricing transparency as a deceptive trade practice.

RILBMDA represents small, locally owned, family-run, and independent lumber and building materials dealers across Rhode Island, including businesses such as Arnold Lumber, Douglas Lumber, L. Sweet Lumber, and others. Collectively, our industry employs more than 3,000 Rhode Islanders in stable, good-paying jobs that often begin well above the minimum wage and offer clear pathways to long-term careers for local residents.

Credit card processing fees have rapidly become one of the top three costs of doing business for many of our members, behind only payroll and healthcare. These fees are non-negotiable, driven by a market dominated by Visa and Mastercard, which together function as a de facto duopoly.

While our members operate on average profit margins below 5%, major credit card companies are reporting profit margins exceeding 50%. This imbalance is unsustainable for small Main Street businesses. Every dollar diverted to excessive swipe fees is a dollar no longer circulating in local communities impacting hiring, wage growth, capital investment, and reinvestment in Rhode Island businesses.

RILBMDA views the ability to apply a clearly disclosed credit card surcharge as a matter of consumer transparency, not consumer abuse. Credit card fees are real costs that affect the price of goods and services throughout the supply chain. Allowing retailers to itemize or disclose these fees gives consumers accurate information about how prices are formed and how rapidly these costs are increasing.

By prohibiting surcharges, this bill shifts even more pricing power to national credit card companies while reducing flexibility for small, independent retailers. Over time, this will accelerate consolidation, disadvantage small businesses, and further drain local dollars from Rhode Island's economy.

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