



February 3, 2026

Honorable Joseph J. Solomon, Jr.
Chairman, House Corporations Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: H7409 – RELATING TO COMMERCIAL LAW — GENERAL REGULATORY PROVISIONS — DECEPTIVE TRADE PRACTICES

Dear Chairman Solomon and Honorable Members of the Committee:

I write on behalf of Rhode Island Business Leaders Alliance (the “Alliance”), in opposition to H7409 – RELATING TO COMMERCIAL LAW — GENERAL REGULATORY PROVISIONS — DECEPTIVE TRADE PRACTICES, which would prohibit retail establishments from imposing a surcharge on customers who use a credit card for transactions occurring in Rhode Island.

While the Alliance appreciates the intent to promote transparency and consumer protection, H7409 goes well beyond those goals and instead imposes significant economic and operational burdens on Rhode Island businesses—particularly small and mid-sized retailers—at a time when they are already facing rising costs, tight margins, and ongoing inflationary pressure.

As drafted, the bill would fundamentally restrict a lawful pricing practice that allows businesses to recoup a portion of the substantial fees charged by credit card networks and payment processors. Those fees which often range from 2% to 4% per transaction are not discretionary, are set by national card networks, and represent a material expense for many Rhode Island businesses.

1. Credit Card Surcharges Reflect Real, Unavoidable Costs

Credit card processing fees are not optional for merchants that wish to remain competitive in today’s economy. Prohibiting surcharges does not eliminate these costs; it simply forces businesses to absorb them or spread them across all consumers through higher base prices. In

effect, H7409 shifts the cost of credit card use from the consumer who chooses that payment method to all customers, including those who pay with cash or debit cards.

2. Disproportionate Impact on Small and Local Businesses

Large national retailers may be better positioned to absorb interchange fees or negotiate favorable rates with processors. Small, independent Rhode Island businesses generally do not have that leverage. For these businesses, the ability to clearly disclose and apply a credit card surcharge is a critical tool for managing costs without raising prices across the board.

3. Overbroad Use of Deceptive Trade Practices Law

H7409 categorizes the use of a credit card surcharge as a deceptive trade practice, even where the surcharge is clearly disclosed to the consumer in advance. This is an inappropriate expansion of the Deceptive Trade Practices law, which is intended to address misleading or fraudulent conduct, not transparent pricing practices that are already regulated by card network rules and federal law and are disclosed to the consumer.

For these reasons, we respectfully urge the Committee to reject H7409. Thank you for your time and consideration, and please feel free to contact me to continue this important conversation.

Sincerely,

Gregory Tumolo

Gregory Tumolo, Executive Director
Rhode Island Business Leaders Alliance