



April 3, 2025

Honorable Carol Hagan McEntee
Chairman, House Committee on Small Business
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: H5554 - AN ACT RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- INTERCHANGE FEES

Dear Chairman Hagan McEntee and Honorable Members of the House Committee on Small Business:

As the Executive Director of Rhode Island Business Leaders Alliance (the “Alliance”), I am grateful for the opportunity to provide the House Committee on Small Business with this written testimony in support of H5943 - AN ACT RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- INTERCHANGE FEES, which prohibits the charging of interchange fees on taxes and gratuities.

The Alliance is a group of Rhode Island business leaders, trade associations, and educational institutions who are concerned about seeing the Ocean State ranked at the bottom of national business climate surveys year after year and want to do something about it. We have come together in an unprecedented alliance with a positive, forward-looking vision for our state: to revitalize Rhode Island’s struggling economy and to create broad-based economic growth and opportunity for all Rhode Islanders. Our group’s ambitious goal is nothing short of the wholesale transformation of Rhode Island into a national model of economic competitiveness.

To that end, the Alliance supports legislative initiatives that promote a more business-friendly environment, particularly for small businesses, which are the backbone of Rhode Island’s economy. Small businesses and consumers alike have faced significant economic pressures in recent years, including persistent inflation, rising utility costs, supply chain disruptions, labor shortages, and increasing interest rates. Given these challenges, we support H5554, which seeks to prohibit excessive credit card “swipe fees” imposed on small businesses.

Credit card interchange fees—commonly known as swipe fees—represent the second-largest operating expense for many small businesses after labor costs. Reducing these fees would



alleviate financial burdens, allowing businesses to reinvest in their growth, hire additional staff, expand their offerings, and improve services. Additionally, lower operational costs enable businesses to pass savings on to consumers through lower prices, ultimately boosting sales and strengthening customer loyalty.

Currently, these fees, which typically range between 2% and 4% of a transaction, impose significant costs on businesses, which are often forced to offset these expenses through higher prices. When swipe fees are reduced, businesses can pass those savings directly to consumers, creating a more transparent and predictable shopping experience. Eliminating unnecessary surcharges fosters trust and encourages repeat business, benefiting both Rhode Island's consumers and the broader economy.

Thank you for your time and consideration, and please feel free to contact me to continue this important conversation.

Respectfully submitted by:

Melissa Travis

Melissa Travis, Board Chair
Rhode Island Business Leaders Alliance