

April 3, 2025

The Honorable Carol H. McEntee

Chairwoman, House Committee on Small Business

Rhode Island State House

82 Smith Street

Providence, RI 02903

Re: Support of H 5554

Dear Chairwoman McEntee and members of the House Small Business Committee,

I am writing on behalf of the Rhode Island Brewers Guild to express our strong support for H 5554, prohibiting the collection of interchange fees on sales taxes and tips. We believe that this measure would offer significant relief to the three dozen brewery taprooms and brewpubs across the state, which are burdened by the non-negotiable fees imposed by credit card networks on taxes and tips, even though these amounts do not contribute to profits.

Currently, credit card networks charge interchange fees (ranging between 2-4% per transaction) on the total amount of each payment, which includes both the sales tax collected on behalf of the state and the tips left by customers for waitstaff and taproom servers. This means that these small and emerging businesses are paying fees on money that is not theirs, but rather funds collected for government purposes or earned by its employees. As a result, these manufacturing and hospitality business are effectively subsidizing the operations of the card networks and banks while taking a hit to its profit margins.

These fees are a particularly significant issue for small businesses, as they represent a primary operating cost. The high cost of swipe fees places undue strain on precious financial resources, which could otherwise be reinvested to expand operations, hire additional staff or passed on as savings to customers.

We believe that by exempting taxes and tips from swipe fees by passing this legislation, it will help businesses retain more of the revenue it generates, contribute to the growth of valuable and desirable jobs, benefiting the local economy while also supporting local product suppliers and services providers.

We strongly urge you to support this important legislation, as it will provide much-needed financial relief to brewery and brewpub operators and other businesses that rely on credit card transactions. We appreciate your attention to this issue and your ongoing support for small, unique and growing Rhode Island businesses.

Thank you for considering our viewpoint and concern. We are hopeful that you will take action to protect the interests of the RI brewing and hospitality industry by ensuring that interchange fees are not applied to sales taxes and tips.

Sincerely,

Nils L. Weldy

Executive Director

Rhode Island Brewers Guild