



RHODE ISLAND LIQUOR OPERATORS COLLABORATIVE

REPRESENTING RHODE ISLAND'S INDEPENDENT LIQUOR RETAILERS

H5582 - SUPPORT

3 April 2025

Dear Chairwoman McEntee and Committee Members:

The Rhode Island Liquor Operators Collaborative supports House Bill 5582.

Over the last two decades, credit card processing fees have grown to become one of the costliest expenses to retailers across the United States. This problem impacts anyone who processes credit cards; from your local bookstore, to your single-practitioner chiropractor, to your favorite wine shop, and even your large big box retailers like Walmart. Credit card companies, year in and year out, increase processing fees to retailers, which, in turn, increases prices to consumers. Credit card companies in the United States charge fees in excess of 3% to small retailers, whereas in Europe swipe fees are capped at 0.3%. It is 10 times costlier for a retailer in the United States to accept credit cards than our counterparts in Europe.

In Washington, Senators Dick Durbin (D-IL) and Roger Marshall (R-KS) have championed the bipartisan Credit Card Competition Act, which addresses these rising costs. Senator Durbin held a Senate Judiciary hearing in November, which featured witnesses from Visa and Mastercard, as well as individuals from the retail community. Co-sponsors Josh Hawley (R-MO) and Pete Welch (D-VT) contributed impassioned remarks during the hearing, attacking the predatory behavior of credit card companies. Senator Jack Reed (D-RI) is a co-sponsor on the legislation and is looking forward to its reintroduction in this Congress.

While we patiently push for reform in Washington, we support legislation that addresses our immediate needs here and now. When a retailer collects sales tax on behalf of the State of Rhode Island and a consumer uses a credit card for payment, swipe fees are incurred on the retailer. To put it in perspective, for every \$100 charged on a credit card, a retailer only collects roughly \$97. However, when the tax bill is due to the State, a retailer must remit the entire amount of \$100, costing Rhode Island's small businesses roughly 3%. As consumers now rely more heavily on credit card use in lieu of using cash, this results in higher shelf prices or surcharges to consumers, in an effort for retailers in all sectors to make ends meet.

The enactment of this legislation is at a zero cost to the State of Rhode Island; it simply disallows credit card processors from charging swipe fees on sales tax collection. Retailers can then act as a true pass through entity when collecting these funds on behalf of the State of Rhode Island, creating less burden on Rhode Island's small business community.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicholas A. Fede, Jr.", written in a cursive style.

Nicholas A. Fede, Jr.

Executive Director

Rhode Island Liquor Operators Collaborative