

March 24, 2026

The Honorable Robert Britto
Chair, Senate Commerce Committee
82 Smith Street
Providence, RI 02903

Dear Chairman Britto and Members of the Committee,

On behalf of the Rhode Island Hospitality Association and our members statewide, we submit this testimony in strong support of S2344.

This bill addresses a straightforward issue of fairness. Currently, credit card companies charge interchange fees not only on the cost of a meal, but also on sales tax collected for the State of Rhode Island and on tips that belong to employees. Restaurants never keep this money, yet they are charged a percentage on the full transaction amount.

Restaurants operate on thin margins, often around 4%, while facing rising food, labor, insurance, and utility costs. Swipe fees are among the fastest-growing expenses for many businesses. Charging fees on taxes and tips only adds to that burden.


Last year, Rhode Island restaurants generated approximately \$366.9 million in combined sales and meals taxes. Applying interchange fees to those tax dollars costs local businesses millions simply for collecting revenue on the state's behalf.


S2344 is a targeted, common-sense reform. It does not cap interchange rates or restrict credit card use. It simply ensures that fees are not charged on taxes and tips. Point-of-sale systems already separate these amounts, making implementation practical and straightforward.

This is a pro-worker, pro-small business policy. Tips belong to employees. Tax revenue belongs to the state. Neither should be subject to swipe fees. We respectfully urge your support of S2344.

Thank you for your consideration.

Sincerely,
Farouk Rajab
President/CEO
RI Hospitality Association

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