



Independent
Bankers
Association
of Texas



CORNERSTONE ADVOCACY

Texas Credit Union
Association



Texas Bankers
Association
Strong Banks. Stronger Communities.

Oppose “Swipe Fee” Revenue Shifting Bills HB 3395 and SB 1541, HB 4626

The trade associations listed above represent virtually all the banks and credit unions in Texas. We are in complete unanimity in our strong opposition to efforts to prohibit inclusion of, or otherwise adjust or discount, state and local taxes in the calculation of interchange fees for processing payments for goods and services.

- Every family and business in Texas is experiencing rising costs and other challenges, including those in the financial services sector. These proposals would have the Texas Legislature determining “winners and losers” and represents a revenue shift between financial institutions and merchants. Were this issue to come to a record vote, legislators will be forced to “choose between friends”.
- The payments system has evolved over the years and is an effective, efficient, and safe means of transacting business in this country and around the world. There are significant and ongoing costs associated with this multi-layered process, including the protection of personal financial information and security of payments. The payments system benefits all parties, with merchants clearly steering away from cash and checks and enjoying the benefits of efficient, safe, secure, and timely payments for their goods and services. Merchants pay an interchange fee because it is a cost they chose to incur in order to utilize the card network.
- A “bifurcated” transaction as proposed is simply not possible as payment processing systems recognize only the final transaction amount. Modifications to implement such a draconian change would impose significant expense on all parties, including merchants.
- Texas law allows for merchants to offer discounts for cash, checks, and debit card transactions as an alternative to credit cards. We are supportive of options, including HB 3615 which removes the existing statutory prohibition on credit card surcharges, as well as HB 2292, which allows smaller merchants a graduated tax rebate.
- Numerous costs of doing business are embedded into the prices charged by merchants for their goods and services including staffing, rent or mortgage payments, property and other taxes, equipment and furnishings, inventory, licensing, legal expenses, etc. The carve-out of sales tax would beg the question of the efficacy of reducing payment card charges on any number of aspects of the cost of doing business.
- Since 2006, similar legislation has been filed in at least 25 other states – some multiple times. In every instance, these proposals have been rejected because this is bad policy.

We strongly urge you to **oppose** this government price control initiative and appreciate your thoughtful consideration.