



DATE: March 23, 2026

TO: Members of the Iowa House of Representatives

FROM: ALEC Action

SUBJECT: Opposing Government Price Controls in HSB 324

ALEC Action, the 501(c)4 affiliate of the American Legislative Exchange Council (ALEC), wishes to express **strong opposition to HSB 324**, which would place government mandated price controls on interchange fees charged during credit card transactions. ALEC Action is dedicated to advancing the principles of limited government, free markets and federalism.

HSB 324 would interject government mandates into credit card payment systems. It would directly interfere with the existing market structure by prohibiting the issuance of interchange fees on the tax portion of a transaction. Interchange fees are used to support card reward programs, prevent fraud, and maintain the card systems. If these fees are reduced or eliminated, these consumer benefits could be affected.

HSB 324 would increase the operational complexity and create high compliance costs. Payment processing systems aren't designed to split a single transaction into fee tiers based on which portions are "tax" versus "base." Merchants and processors could face enormous reprogramming costs to isolate tax amounts at the transaction level.

The policies in HSB 324 directly conflict the ALEC model [Resolution Supporting Access to Safe and Reliable Payments Systems](#), which opposes government mandates and supports Americans' access to secure and reliable payments systems. It states that "the credit card payments industry is a healthy and competitive space, and further legislation to impose government-mandated price controls in this area is both unnecessary and harmful to innovation and security."

In conclusion, Iowa should protect the free market and oppose HSB 324.