

March 23, 2026

The Honorable Pat Grassley, Speaker
Iowa House Republican Caucus
Iowa General Assembly
1007 East Grand Avenue
Des Moines, IA 50319

Dear Speaker Grassley and Members of the Iowa House Republican Caucus:

On behalf of the millions of taxpayers and consumers we represent—including many in the State of Iowa—the Taxpayers Protection Alliance (TPA) urges you to oppose HSB 324. This legislation would bar payment networks from charging interchange fees on the sales tax portion of electronic transactions. In doing so, the bill would threaten the reliability, security, and accessibility of Iowa electronic payments infrastructure.

The stated intent of HSB 324 is to reduce costs for merchants. However, the result would instead be a ripple effect of unintended consequences: shrinking consumer rewards programs, rising banking fees, and increasing regulatory burdens on Iowa's small businesses and community banks.

Credit cards offer a secure and convenient way for consumers to pay for goods and services, supported in part by interchange fees. These fees cover essential services including fraud protection, network maintenance, and transaction processing—all of which ensure consumers can swipe, tap, or click with confidence. Interfering with this system risks undermining its security and efficiency and, by extension, the trust consumers place in it every day. Interchange fees are not junk fees: they compensate firms for services provided—services on which consumers rely—and eliminating them would likely result in consumers losing access to those services.

Unfortunately, history has shown us how such restrictions can backfire. When Congress passed the Durbin Amendment in 2010 to lower debit card interchange fees, some large national retailers experienced savings—but those savings were not passed on to consumers. Instead, the costs shifted to everyday Americans in the form of higher banking fees and the loss of low-cost or no-cost banking services. Popular rewards programs disappeared, and smaller financial institutions faced mounting pressure. Although HSB 324 applies to a narrower share of transactions, if it were enacted in Iowa, similar outcomes would be expected for credit card users across the state.

While protecting consumers and supporting small businesses are pivotal goals, HSB 324 takes the wrong approach. It attempts to fix a system that is not broken. In doing so, it risks inflicting broad economic harm without delivering real benefits.

For these reasons, TPA urges you to reject HSB 324. We are eager to work with you to find better ways to support Iowa's consumers and small businesses and ensure a fair and competitive marketplace for all.

Thank you for your time and consideration.

Sincerely,



David Williams
President