



ND Petroleum Marketers Association  
ND Retail Association



Testimony SB 2217  
House Finance and Tax Committee  
March 7, 2023

Chairman Headland and Members of the Finance and Tax Committee:

For the record, my name is Mike Rud. I proudly serve as the President of the ND Retail and Petroleum Marketers Associations. These associations comprise over 1100 retail store fronts across the state. I'm here urging a "DO PASS" recommendation on SB 2217.

I will be brief as there are a number of business owners and groups wishing to testify in support of SB 2217.

Simply put, in these inflationary times, our business coalition can think of no better way for the 68<sup>th</sup> Legislative Assembly to provide much needed financial relief to ND businesses and consumers than the passage of SB 2217.

In a survey commissioned by NDRA/NDPMA, research numbers based off of 2020 credit processing information show Passage of SB 2217 would put about **\$17 Million Dollars** back in the pockets of ND retailers and consumers **AT NO COST TO THE STATE!**

Retailers in ND collect and remit taxes to the state not because they want to, but because they have to. It costs retailers money to collect and remit taxes. Yes, retailers may deduct and retain a percentage of the taxes collected for reporting and remitting purposes. This fee is capped at \$110 per return. However, retailers are paying substantially more on the swipe fee for sales taxes than the retailer discount provides.

I have attached a penny to each of your testimonies. As a former partner in a 5<sup>th</sup> Generation family business, I was taught we operated in a "penny" business. Every penny counts towards the bottom line. In today's inflationary period this operations mantra is shared by all the businesses our Associations represent, and just as importantly, the state's shoppers.

Yet, credit card companies and banks callously proclaim credit card swipe fees only amount to "pennies" per transaction for retailers. The statement below taken from a Federal survey paints a different picture:

"The Federal Reserve's biannual survey of banks' debit card transactions estimates that it costs banks an average of 4 cents to process a transaction, regardless of the total ticket cost. That's down sharply from about 8 cents per transaction a decade earlier. Although the

central bank does not conduct the same survey for credit card transactions, **the processes used for debit and credit cards are similar.**”

Keeping that discovery in mind, let’s talk about a \$100 retail purchase. A merchant pays 3% processing fees on a sale paid with a credit card. That’s \$3. He collects and remits state and local sale taxes totaling 7%. That’s \$7, which the merchant is then charged another \$.21 by the credit card firms for processing.

Are we missing something here? A retailer pays a total of \$3.21 to credit card companies for a transaction costing \$4.08 to process? **This bill still allows the credit card companies to collect the \$3.00.** SB 2217 would simply allow the retailers not to pay the additional swipe fees relating to state and local sales taxes.

It would appear to me the credit card companies and banks have the numbers and roles reversed when it comes to who is only paying “pennies” per transaction. Bottom line, these pennies add up and Credit card companies are collecting upwards of **2 Billion “pennies”** in one year off the backs of retailers and ultimately the consumers in ND.

Mr. Chairman and Committee Members, in closing, you are going to hear that this bill has been tried in about a dozen other states and has never passed. What you won’t hear is that in nearly all of those the states, the legislative process does not allow for a full floor vote on every bill. So, for whatever reason a Committee Chair in another state can hold a hearing and then never let the bill see the light of day. And despite all of that, a growing number of business associations in other states continue to push this legislation.

And Committee, you are going to hear from the bill’s opposition the sky will fall with the passage of this bill, it will lead to increased costs for retailers and consumers and financial Armageddon will be upon us. Keep in mind, these folks said the same thing about debit cards, chip and pin technology on credit cards and currently are using the same logic to prevent regular credit cards from having another processing platform added to them. All designed to discourage competition in the credit card industry.

We all know the ND legislative process is different and that’s good. You have the ability to pass groundbreaking legislation. You have a chance to make a difference for retailers and consumers alike. I urge a “DO Pass” recommendation on SB 2217.