



Kirkwood Ace Hardware
Bismarck, ND

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

Chairman Headland and Members of the Finance and Tax Committee:

Hello, I'm Adam Hinz from Kirkwood Ace Hardware in Bismarck North Dakota. Our family operates two hardware stores in Bismarck with 100% local ownership.

Collecting sales tax for the state is part of being in business. The state provides a small amount of compensation, a maximum of \$110 per month, and though we appreciate this gesture, it doesn't cover the hard cost of collecting the state's money.

In the 12 months between November 2021 to November 2022 we collected over \$600,000 in sales tax revenue for the State of North Dakota. 79% of our business is done on credit cards and our processing fees run nearly 3%. That means that we paid about \$15,000 of the credit card fees out of our pocket for the state's sales tax.

If I would choose to pay my North Dakota income tax with my credit card, the state adds the credit card processing fees to the amount owed (it's called a "convenience fee"), yet we businesses are supposed to absorb those fees on the money that we do the service of collecting for you.

To clarify, under the present system, we are actually paying you more than we take in. We are being penalized for collecting the state's money. This is actually an additional tax without any revenue to support it. We retailers are not asking for handouts or even compensation for collecting your money, but it is a matter of fairness that we not owe you more than we actually collect.

There will need to be a discussion of how to measure compensation, but any normal business program can tell a retailer how much volume went on credit cards, and every credit card statement will tell the retailer the processing rate and percentage. A two line form would provide the correct reimbursement.

We are in a challenging business environment, but we have been blessed to be in a business friendly state with common sense leadership in these chambers. I hope that my testimony is able to illustrate the unfairness of the present system and that we can reach a solution together.