

Senate Bill 2217  
Senate Finance and Taxation Committee  
January 25, 2023  
Jeff Olson, President/CEO  
Dakota Credit Union Association

Mr. Chairman and members of the committee. My name is Jeff Olson and I am the President/CEO of the Dakota Credit Union Association, representing the interests of the 31 credit unions located in North Dakota.

I am here to respectfully oppose SB 2217 as proposed.

Credit unions support small businesses in North Dakota, however, we are concerned that the proposed bill will not have the result as intended by the sponsors of this bill.

The systems to support SB 2217 do not currently exist and therefore would need to be developed. Currently, when a retailer makes a sale using a customer's electronic payment card, the system that processes the transaction recognizes only the final purchase amount, on which the merchant discount fee is based. In order to realize the sales tax portion of each item purchased - noting that some items are not even subject to tax - retailers would be required to create and implement new systems and operational mechanisms to ensure compliance with the legislation.

SB 2217 creates an unnecessary regulatory burden and cost that will be placed on both financial institutions and retailers in North Dakota to develop a way to keep sales tax out of the initial transaction cost that is processed. These development and compliance costs will ultimately be passed on to the North Dakota consumer.

In situations of fraudulent transactions, the credit union still must advance the total funds, including the portion of that transaction that is a "tax or fee." SB 2217 defines "tax or fee" to mean a state or local tax or fee levied or imposed under state or local law, rule, ordinance, or resolution, which is calculated at the time a customer makes a payment to a merchant or seller. Cards save consumers valuable time and make retail transactions more efficient. The benefits to North Dakota businesses far outweigh interchange fee, such as guaranteed payment, fraud protection, cash flow, and increased sale opportunities.