

ND Petroleum Marketers Association  
ND Retail Association



Testimony SB 2217

Senate Finance and Tax Committee

January 25, 2023

Chairman Kannianen and Members of the Finance and Tax Committee:

For the record, my name is Mike Rud. I 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, I can think of no better way for the 68<sup>th</sup> Legislative Assembly to provide meaningful financial relief for the state's retail sector than passage of SB 2217. As Senator Vedaa said, SB 2217 would eliminate the imposition of credit card fees on the sales tax portion of a retail transaction. That's all this bill will do. The State and locals still receive all their sales tax dollars.

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.

This proposal would only apply to the state and local sales tax portion of a credit card transaction. It would not apply to debit card purchases.

Credit card companies and banks nonchalantly claim these fees only amount to "pennies" per transaction for retailers. Well, most retailers I work with will tell you they are in a

“penny” business. This means every penny counts when it comes to operating a retail establishment, a business mantra magnified in these inflationary times. The business scenarios below illustrate this point:

Snowblower	\$2000.00
State Tax 5%	100.00
Local tax 2.5%	50.00
Total tax	150.00
Tax swipe fee 3%	\$4.50

Sold 100 snowblowers in month \$450.00 credit card fees on sales tax

Dress Shirt	\$80.00
State tax 5%	4.00
Local tax 2.5%	2.00
Total tax	6.00
Tax swipe fee 3%	.18

Sold 1000 shirts in month \$180 credit card fees on sales tax

C-Store snacks	\$20.00
State tax 5%	1.00
Local tax 2.5%	.50
Total tax	1.50
Tax swipe fee 3%	.05

Sold 6000 snacks in month \$300 credit card fees on sales tax  
Yearly credit card fee on tax on snacks \$3,600

Senator Vedaa shared with you this exemption will conservatively save the ND retail community roughly 11 million dollars a year. Well that’s 1 BILLION PENNIES! Bottom line, these pennies add up and Credit card companies are collecting that many “pennies” in one year off the backs of retailers and ultimately the consumers in ND.

Mr. Chairman and Committee Members, this bill is not novel to ND. There are about 15 other states with business associations pursuing similar language for their retail sectors. Please support eliminating the imposition of swipe fees on state and local sales taxes and help reduce the financial burden on ND retailers and consumers by voting for a “**DO PASS**” recommendation on SB 2217.