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To: Sen. Donna Bailey and Rep. Lori Gramlich, co-chairs
Members, Committee on Health Coverage, Insurance and Financial Services

From: David R. Clough, State Director in Maine

Re: LD 151 – Allow Businesses to Impose a Surcharge on Credit Card and Debit Card Transactions

This statement in support of LD 151 is presented on behalf of the thousands of small business owners in Maine who are members of the National Federation of Independent Business. Member businesses collectively span a wide range of economic activities; provide jobs and paychecks to about 30,000 people; and help form the economic backbone of hundreds of communities and the State.

LD 151 allows small businesses to have the ability to clearly pass along some or all of credit and debit card processing costs to customers who use those cards for payment. When asked about this issue, NFIB members in Maine responded strongly in favor of letting businesses do collect a fee:

Should Maine allow businesses to collect a fee from customers who use debit or credit cards?

64.6% - Yes 26.9% - No 8.7% - Undecided

Maine is an outlier. It is one of only four states that prohibits the use of surcharges to recover the cost of card processing fees. Prohibits for small businesses, but governmental entities are allowed to impose a surcharge. If the rationale for the governmental exception is that other people should not be charged for a service they do not use, then small business customers who do not use credit or debit cards for payment should not be charged for those who do.

Last year a small restaurant owner in rural Maine commented that customers are not aware that a generous tip to wait staff raises the cost of service to the owner. The more generous the tip, the higher the cost to the owner. It may not seem like much, but as any successful business owner knows, little things add up to big things and can affect the overall success of a business. By denying the ability to clearly surcharge for card use, Maine is forcing small businesses to hide the cumulative card processing costs in the overall price charged to all customers. However, small businesses must be price conscious because their customers are price sensitive. A large business or multi-state business has more flexibility to manage processing costs, but the size of small businesses gives very little flexibility to do likewise.

Thank you for being mindful of Maine small business owners. NFIB respectfully urges an Ought to Pass report on LD 151. This is one way to help small businesses survive and thrive.