



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1440
TTY: (207) 287-4469

Arthur Kevin Mingo

404 Shattuck Rd.
Calais, ME 04619
Phone: (207) 214-8537
Arthur.Mingo@legislature.maine.gov

Testimony of Rep. Arthur Mingo

L.D. 151, "An Act to Allow Businesses to Impose a Surcharge on Credit Card and Debit Card Transactions"

Before the Joint Standing Committee on Health Coverage, Insurance and Financial Services

March 25, 2025

Senator Bailey, Representative Gramlich, distinguished members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services,

My name is Arthur Mingo and I proudly represent House District 9, serving nine beautiful communities of Eastern Washington County. Thank you for the opportunity to testify today on this important bill.

This bill is a part of a much larger movement spreading across the United States in 2025.

Credit card companies essentially have been free to mass major profits from the imposition of swipe fees, arguably at the expense of merchants, for more than a century. In the last 10 years, the cumulative effect of consistent and sustained litigation brought by merchants throughout the country has resulted in the tide turning against the card network.

The Credit Card Competition Act would aim to address the lack of competition in the credit card and processing market. If passed by Congress, the Credit Card Competition Act would break the Visa, MasterCard stranglehold on the market forcing banks to have at least 2 platforms other than the two big players, which control 80% of all transactions.

This legislation would require banks to put a second network on a credit card meaning it can't be just Visa or just MasterCard – they'd have to add a smaller independent network on the card too. When a credit card is used to pay at a convenience store, the retailer gets to choose which network to route that card transaction through. The networks will compete for the retailers business; competition is always good for the consumer because it drives prices down. This would create additional competition adding more networks to the system. Similar legislation has been introduced in many states that would ban the fees on sales tax and use tax portion of transactions along with tips on services. Think about that – they are charging a fee on the sales tax you are required to collect.

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Many National Retail Merchants Associations are supporting these efforts. With most businesses fighting tooth and nail to gain a sliver of market share, Visa and MasterCard continue to operate as a duopoly in the payment sector with minimal oversight. Until legislation passes, we need to help.

Small businesses operate on thin profit margins, which have been cut further in recent years as credit card networks swipe fees have increased. In fact, credit card swipe fees have more than doubled since 2012 for small business owners. This problem has been exacerbated by pervasively high inflation in recent years. Research shows that most businesses admit that swipe fees are the second largest expense in their operation, higher than company insurance plans for employees, utilities and, in some cases, more than labor. With the increase of minimum wage and the large increase in inflation, businesses are forced to pass these added costs down to customers.

The success of the businesses are essential to the communities they service. Unlike the banks that profit from the interchange fees from each purchase, Main Street businesses don't have the financial buffers to absorb these costs.

Small businesses in Maine need a hand up, not a hand out. Giving them the opportunity to collect the swipe fees may be the difference in keeping their doors open, adding new employees or including health benefits for existing workers.

Thank you for your time and I am happy to answer any questions.

Arthur Mingo
State Representative

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