



# Maine Credit Union League

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In Opposition to

**LD 151: An Act to Allow Businesses to Impose a Surcharge on Credit Card and Debit Card Transactions**

**LD 1031: An Act to Allow Time-share Associations to Charge Credit Card Surcharges**

Committee on Health Coverage, Insurance and Financial Services

March 25, 2025

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

My name is Krista Simonis and I am the Director of Governmental Affairs at the Maine Credit Union League. The Maine Credit Union League is the trade association for Maine's 48 credit unions and over 750,000 members statewide. We respectfully submit the following testimony **in opposition to LD 151 and LD 1031.**

The Legislature has seen proposals like this one before, and many states outside of New England now permit businesses to charge additional fees for consumers who use debit or credit cards. However, surcharges are still prohibited in Connecticut and Massachusetts. Given New Hampshire's lack of sales tax, allowing surcharges in Maine would put prices in Maine among the highest in New England.

This would directly harm consumers, especially with an increasing affordability crisis. More Americans are struggling to pay off their credit cards in full each month, making credit cards an important part of monthly budgets.

Maine credit unions offer competitively low rates for credit cards, priding themselves on their relative affordability for so many who rely on this option. To add surcharging at the register would be yet another unanticipated expense for consumers.

For example, say you have \$25 in your account and need to buy diapers. The price tag reads \$23.69. Under the current law, that means that the final price will be \$23.69 plus tax. With a surcharge, the total would come to \$25.61, a small increase, but enough to cause your card to be declined and you to return home without the diapers.<sup>1</sup>

Currently the law permits merchants to offer a discount for customers who wish to pay with cash or check, but it prohibits a surcharge for card usage.

While the amount merchants pay each month in card fees has risen dramatically in the past decade, that is because there has been a corresponding increase in the use of cards for payment. For many businesses, the cost of handling cash exceeds the cost of card programs, however it is a "hidden" cost with less psychological impact. Additionally, consumers often

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<sup>1</sup> Assumed 5.5% tax rate and 2.5% surcharge fee

spend more when using a card than they would when using cash, benefitting merchants who see increased sales.

There is no requirement for businesses to accept credit cards for payment. Especially for larger transactions, like what you might see for a time-share association, businesses might choose to require ACH or check.

Consumers deserve to be able to shop with confidence knowing that the price on their item is what they will have to pay. Maine's credit unions believe that small businesses are the backbone of the economy and provide an invaluable service to the people of Maine. Ultimately, allowing card surcharges would harm the consumer and not benefit businesses. Nationally, among consumers who were charged an extra fee by merchants, 46% chose to shop at a competitor rather than pay the fee or pay in cash. We understand that this legislation is intended to help small businesses. But when large retailers like Amazon, Walmart, or Target do not charge surcharge fees, business will flow away from local shops, harming our communities and contributing to the decline of Main Street.

Allowing businesses to charge consumers extra based on payment method is inequitable and harms those who must rely on credit to make ends meet. Credit unions have a mission to serve the underserved and a long history of advocating against legislation that would hurt consumers. We cannot support shifting the costs of a voluntary program, from which merchants benefit significantly, to consumers across the State. Rather, we would encourage retailers who may want to drive down the use of cards to take advantage of the option in Maine to offer a cash discount instead.

Thank you for hearing our testimony, we urge an Ought Not to Pass vote on LD 151.