



# HOUSE OF REPRESENTATIVES

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*Testimony of Rep. Wayne Farrin introducing*

**LD 1504, An Act to Support Small Businesses by Providing a Refundable Tax Credit to Certain Businesses to Offset Credit and Debit Card Transaction Fees**  
*Before the Joint Standing Committee on Taxation*

Senator Grohoski, Representative Cloutier and members of the Joint Standing Committee on Taxation, my name is Wayne Farrin, and I proudly represent House District 47, which includes the beautiful communities of Alna, Jefferson, Whitefield and Wiscasset. I'm pleased today to introduce **LD 1504, An Act to Support Small Businesses by Providing a Refundable Tax Credit to Certain Businesses to Offset Credit and Debit Card Transaction Fees**.

Credit card processing fees function essentially as a tax on merchants, and as a small business owner, I know firsthand how burdensome this can be. Consumers have largely moved from using cash to primarily using credit cards, so out of convenience for customers, most businesses must accept credit cards to remain competitive.

These transaction fees place a disproportionate burden on small businesses. LD 1504 creates a refundable tax credit for businesses with less than \$2,400,000 in gross sales annually that accept credit or debit cards for payments. The tax credit would be the lesser of either:

1. The actual transaction fees paid to card issuers, or
2. 2.5% of the sales taxes remitted by that business to the state.

While not explicitly stated in the bill, I want to clarify that the intent is for this credit to be disbursed to qualifying businesses at year-end.

For example, if a small restaurant with \$1,000,000 in annual sales paid \$25,000 in credit card processing fees and remitted \$55,000 in sales tax to the state, they would qualify for a tax credit of \$1,375 (calculated as 2.5% of \$55,000), since this amount is less than their actual processing fees.

This refundable tax credit will help Maine's small businesses recoup a portion of these unavoidable costs, allowing them to reinvest in growth, employees and community engagement. For many small businesses, even \$2,000 at year-end can significantly impact operations.

This bill will help Maine businesses thrive while acknowledging the changing landscape of consumer payment preferences.

Thank you for your consideration. I would be happy to answer any questions.