



Maine Grocers &
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IN SUPPORT – LD 1544 ‘An Act Regarding Credit and Debit Card Merchant Fees’

Dear Senator Sanborn - Chair, Representative Tepler - Chair, and Members of the Committee On Health Coverage, Insurance and Financial Services,

My name is Christine Cummings and I am the Executive Director of the Maine Grocers & Food Producers Association (MGFPA). The Maine Grocers & Food Producers Association is a business trade association representing Maine’s food community; Main Street businesses, including independently owned and operated grocery stores and supermarkets, food and beverage producers and processors, manufacturers, wholesalers, distributors, and supportive service companies.

We hear regularly from our members that costly and nonnegotiable swipe fees are a priority issue. This legislation would exclude state and local taxes (and other fees) from the total in which an interchange fee is charged for an electronic credit or debit card transaction. The goal is to save Maine merchants money by processing the charge of the sales amount on the sale of the good or service only. This could be achieved in two ways either a deduction that occurs simultaneously with the transaction or in the event that the tax or fee is unable to be captured when the sale occurs, the payment card network shall provide a rebate. Any business collecting taxes needs to remit tax to the government and therefore has the information to request of the card network for a rebate.

Credit card swipe fees average around 2% but can be as much as 4% for some premium rewards cards and vary according to a merchant’s card volume and other factors. High credit card fees inhibit a grocer’s ability to grow, invest in jobs and results in higher food prices for everyone. The food retail industry is hyper-competitive with under a 3% profit margin. Retailers negotiate the wholesale price for goods and various services in order to keep prices low for their consumers and grow their business. Credit card swipe and network fees are non-negotiable, and retailers must pay the price centrally set by Visa and Mastercard. From the local, mom-and-pop small business to the largest national retail corporations, all merchants are beholden to the rules, fees, and standards set down by the card networks.

The food industry is committed to serving all of our customers and in today’s competitive market merchants do not have the option to no longer accept cards, however, they cannot negotiate any terms of acceptance or cost due to the size and market strength of these two companies.

To put this bill in context, a small independently owned retailer here in central Maine generated \$2.3M in annual sales in 2020 and the expense to offer electronic payment services cost \$31,000 in swipe fees. Assuming 63% of sales are debit and credit transactions at the state’s 5.5% sales tax, this bill could save this one merchant approximately \$1,600/annually about 5% of the costs of their annual interchange fees; this would off-set a month’s worth of utilities, taxes and licenses or payroll tax expenses for this business, putting more money back into the business for investments. Prohibiting swipe fees on sales tax will keep dollars in the state versus sending them to networks and banks in other states and countries.

We ask the Committee to find a path forward towards a solution for Maine’s businesses seeking relief on swipe fees. Thank you for the opportunity to provide testimony.

Christine Cummings

Christine Cummings
Executive Director