



Interchange fees

Overview

Sen. Rebecca Saldaña has introduced legislation to prohibit credit and debit card interchange fees from applying to sales tax and employees' tips.

Credit card companies charge our industry tens of millions of dollars – well beyond what's needed to cover any costs on their end, just on the privilege of our industry collecting sales tax on behalf of the state – and our workforce pays these fees on tips paid by credit cards.

[Senate Bill 5070](#) is a model policy from the state of Illinois and makes it unlawful for a credit card company or bank to apply any interchange fee on the sales tax or tips of an electronic payment transaction and requires the merchant to inform the bank of the tax or gratuity amount.

Talking points

- According to the National Restaurant Association, SB 5070 will mean real money stays with local businesses and in our employees' pockets.
 - Over \$3,000 for the average full service and quick service restaurant
 - And \$4,500 back to employees
- Additionally, SB 5070 will shed a light on the taxation of these interchange fees – the Department of Revenue also gets to take their cut on credit card transaction fees, assessing B&O tax on these fees – including the portion that's collected for state sales tax.

- SB 5070 will experience significant opposition, likely from
 - Visa and Mastercard
 - Banks
 - Airlines, which have lucrative deals with credit card companies

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