



# Credit Card Fees

**MAIN MESSAGE:** Credit card fees continue to grow unchecked and are now the second largest expense for convenience stores, behind only labor costs. We need help with this ever-growing expense. Significant relief would come from eliminating credit card fees on the collection of taxes. Credit card companies are allowed to make more money on each transaction because the swipe fee is also applied to the tax the retailer is required to collect and remit.

**Background:** Swipe fees, or interchange fees, are the largest component of credit card fees for retailers and the second highest source of direct store operating expenses. Credit card costs amounted to \$244 million for our industry in 2019. Retailers collect and remit taxes to the state of Wisconsin not because they want to, but because they are required by law to do so. Those collections come at a cost to the retailer and the credit card companies are profiting on them.

## Key Points:

- U.S. swipe fees are among the highest in the world; seven times higher than the average European rate and four times higher than Australia.
- Credit card fees cost a typical convenience store 2% to 4% of each transaction. According to the Merchants Payments Coalition credit card fees have tripled since 2004 despite technological improvements that have driven processing costs down.
- Roughly 70% of all fuel purchases are made with credit cards, but that figure can climb to as much as 90% when prices rise. Retailers also saw credit card usage increase during the COVID-19 pandemic. The credit card companies are one of the few beneficiaries of higher gas prices.
- The latest available industry data from the National Association of Convenience Stores (NACS) shows in 2019 convenience stores in Wisconsin paid nearly \$244 million in credit card fees.
- NACS data also shows that the average credit card fees paid per convenience store in 2019 was more than \$86,000 making that the second highest expense behind the cost of labor.
- Exempting taxes from credit card fees will keep more money in Wisconsin. Wisconsin independent retailers spend their money here – credit card fees are sent out of state.

**Action Requested:** *Please support eliminating the imposition of credit card fees on taxes and help reduce the cost to Wisconsin's Main Street retailers for being the state's tax collectors .*