



February 25, 2025

Speaker Carl Heastie
Legislative Office Building, Room 932
Albany, NY 12248

Senate Majority Leader Andrea Stewart-Cousins
Legislative Office Building, Room 907
Albany, NY 12247

Assembly Minority Leader Will Barclay
Legislative Office Building, Room 933
Albany, NY 12248

Senate Minority Leader Rob Ort
Capitol Building, Room 315
Albany, NY 12247

RE: A.4017 (McDonald)/S.5587 (Skoufis), Exclusion of sales tax and gratuities from the assessment of interchange fees charged by credit card networks.

Dear Leaders:

On behalf of our organizations, which represent tens of thousands of employers throughout New York State, we strongly support A.4017 (McDonald)/S.5587 (Skoufis), which would exclude sales tax and gratuities from interchange fees (“swipe fees”) charged by credit card networks.

Businesses, like those we represent, are local job creators and the bedrock of the state and regional economies. These employers continue to face significant financial challenges, including inflation, elevated gas and energy prices, the highest possible state Unemployment Insurance taxes, and an exodus of workers from the labor force.

In addition to these financial challenges, businesses are also contending with changing consumer habits, accelerated by the pandemic, where more customers pay for goods and services with credit or debit cards rather than cash. According to Capital One Shopping Research, cash is now used in only 12 percent of in-store transactions and Americans spent nearly \$11 trillion in purchases using credit, debit, and prepaid cards in 2023.¹ In the first half of 2024, Americans' spending on American Express, Discover, Mastercard and Visa cards reached a staggering \$5.25 trillion according to data from the Nilson Report. In 2023, total swipe fees reached \$172 billion in the United States, with Visa and Mastercard pulling in \$100 billion from swipe fees alone.²

Credit card swipe fees are set by banks, credit card processors, and credit card companies. Every time consumers pay with a credit or debit card, an interchange or "swipe fee," is charged to the merchant, whether it is a retailer, restaurant, hotel, mechanic, or any other entity selling goods or services. The average credit card processing fee is between 1.5% and 3.5% of each transaction, and fees intensify during inflation. With the growing usage of credit and debit cards, merchants are struggling to keep up with the increased expenses of swipe fees.

For far too long, credit card companies and financial institutions have used their dominance to create an anti-competitive market. While Mastercard and Visa boast 50% profit margins, most small businesses, retailers, restaurants, and other merchants run on shrinking and thin profit margins.³ When credit card companies and big banks increase swipe fees, they make it harder for Main Street and businesses to operate, invest further in their employees, expand their operations, and create jobs.

To add insult to injury, these swipe fees are not simply assessed on the goods or services sold by a business, but also on any state-imposed tax and gratuities provided to employees. Credit card companies should not be profiting off merchants collecting New York's taxes, as required by law. Additionally, gratuities are not part of a business's revenue and are wages belonging to employees and should not be subject to swipe fees. Assessing an additional fee to collect the state's taxes or on gratuities given to employees is wrong and unfair. This is common sense legislation that will ultimately save New York businesses, employees, and consumers more than \$930 million per year.⁴

¹ Capital One Shopping Research, Cash vs Credit Card Spending Statistics, Dec. 2023. [Cash vs Credit Card Spending Statistics \(2023\): Latest Trends \(capitaloneshopping.com\)](#)

² The Nilson Report, January 2025, [Home - Nilson Report](#).

³ "Stunning Visa and Mastercard Profit Margins Prove Credit Card Market is Broken." Merchant Payments Coalition, October 2024. [Merchants Payments Coalition | Stunning Visa and Mastercard Profit Margins Prove Credit Card Market is Broken](#).

⁴ How Much Interchange was Paid on Sales Tax in the U.S.?" CMSPI, 2023. [How much interchange was paid on sales tax in the U.S.?](#)

On behalf of our organizations, and the employers and communities we represent, we urge you to pass this legislation. As New York's economy continues to lag, now more than ever, businesses are in desperate need of relief; this legislation is a step in the right direction in addressing the negative impact swipe fees have on merchants, employees, and consumers.

Thank you for your time and consideration.

Sincerely,

Food Industry Alliance of New York
National Federation of Independent Business (NFIB)
New York Association of Convenience Stores
New York Farm Bureau
New York State Hospitality and Tourism Association
New York State Liquor Store Association
New York State Restaurant Association
Northeastern Retail Lumber Association (NRLA)
Ski New York