



Member Focused; Results Driven

April 3, 2025

Support

The Honorable Carol Hagan McEntee
Chairperson: House Small Business Committee
The State House
Providence, RI 02903

RE: House Bills 5554 and 5582: Interchange Fees

Dear Honorable Chairperson:

My name is Scott Bromberg and I am the President & CEO of the Rhode Island Food Dealers Association, a trade association established in 1909 to serve the needs of the food industry in the State of Rhode Island. Our membership includes chain and independent grocery retailers, wholesalers, suppliers, distributors, food manufacturers, brokers, and other organizations affiliated with the food industry in our state. As an industry, we are among the state's largest employers and revenue generators.

Rhode Island grocers accept various forms of payment, and over the past several years, debit cards, credit cards, and now digital wallets have dramatically increased in usage, becoming the dominant payment methods at the register. As usage has increased, so have the credit card processing/interchange fees which are charged to grocery retailers. Credit card processing fees are among the highest operating costs for many grocery stores. According to a 2023 report by CMS Payments Intelligence (CMSPI), it is estimated that Interchange fees in Rhode Island on just sales tax alone are estimated at \$27,613,018.38 in 2023.

Grocers partner with the government on a variety of issues. One partnership is grocers and other merchants acting as the government's agent in the collection and submission of state sales taxes. Some states, to compensate grocers and retailers for their collection of state taxes, will pay them a "vendor discount." **Rhode Island DOES NOT pay merchants a vendor discount.** Therefore, the grocers are collecting and remitting sales tax at their own expense. Not only do retailers collect the sales tax as a benefit to the state, with no compensation, but they are also charged an interchange on the sales tax.

RIFDA

~ 40 Higginson Ave ~ Central Falls, RI 02963 ~

~ Tel: 401-431-0880 ~ Fax: 401-434-2496 ~ sbromberg@rifda.com ~ www.rifda.com ~

Prohibiting swipe fees on sales taxes and tips will keep dollars in Rhode Island, stimulating economic activity, versus sending them to networks and banks in other states and even other countries. The profits of merchants will stay in the community in which they operate. Retail grocers contribute to their local food bank, children's little league teams, churches and synagogues, and local charities; in short, their success is directly tied to the communities they serve.

In summary, Rhode Island's food industry is one of the largest – and steadiest – employers in the state. House Bills 5554 and 5582 would have a positive impact on our member stores, both large chains and small independent local businesses, and would make Rhode Island one of the leaders in this area. We ask you to recognize the position of our membership when considering House Bills 5554 and 5582.

Thank you for allowing our industry to weigh in on this bill.

Sincerely,



Scott Bromberg
President & CEO
RI Food Dealers Association

CC: Hon. K. Joseph Shekarchi, Speaker
Rhode Island House of Representatives

Hon. Christopher R Blazewski, Majority Leader
Rhode Island House of Representatives

Margaret Hogan Sweeney, Esq.,
M. Teresa Paiva Weed, Esq. &
Jack Tear
F/S Capitol Consulting, LLC