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February 14, 2024

TO: The Honorable Pamela Beidle
Chair, Finance Committee

FROM: Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation, Legislation and Policy

RE: Senate Bill 520 – Consumer Protection - Credit or Debit Card Surcharges -
Limitation (**Support**)

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 520, sponsored by Senator McCray, which would prohibit retail businesses from charging consumers surcharges for credit or debit card transactions that exceed the amount of the processing fees charged to the business. Senate Bill 520 is consistent with Maryland's efforts to protect consumers from having to pay junk fees and other excessive charges.

The Division receives complaints from consumers regarding surcharges charged by retailers for payment by credit card, even though the substantial majority of purchases are by credit or debit card. Although the Division understands that retailers are charged "swipe" fees for accepting credit or debit card payments, if the business elects to pass those costs onto consumers instead of treating such fees as overhead, the business should not be profiting from the surcharges.

Regardless of whether the amount of any surcharge exceeds the swipe fees charged to the retailer, any such surcharges and the amount must be disclosed to the consumer prior to the transaction. We believe this bill strikes a fair balance between retailers and consumers by allowing retailers to recoup the cost charged to them by credit card companies while protecting consumers from excessive fees.

Senate Bill 520 would prohibit retailers from profiting off excessive credit card processing fees at the expense of consumers. Accordingly, we urge the Finance Committee to issue a favorable report on SB 520.

cc: The Honorable Cory McCray
Members, Finance Committee