



January 17, 2025

The Honorable C.T. Wilson, Chair  
House Economic Matters Committee

**Re: House Bill 29 - Electronic Payment Transactions - Interchange Fees - Calculation and Use of Data**

Position: *Oppose*

Chair Wilson and Vice Chair Crosby:

On behalf of the Maryland Association of Destination Marketing Organizations (MDMO), I am writing to express our opposition to **House Bill 29 - Electronic Payment Transactions - Interchange Fees - Calculation and Use of Data**. Currently, retailers and merchants are assessed a 1-2% fee on electronic payment transactions. This fee is reinvested by payment networks and card-issuing banks to facilitate improvements in security and provide rewards programs for consumers. House Bill 29 would remove gratuity and tax from the amount on which the fee is assessed and would require the issuer to credit a merchant the amount of interchange fees assessed on the tax and gratuity of a given transaction. In effect, each transaction would be broken into multiple parts, and benefits such as rewards points and airline miles could be significantly reduced.

Tourism is an economic ecosystem, delivering opportunity and quality of life for Marylanders that is derived from visitor spending. The travel sector is an integral part of Maryland's economy that contributes more than **\$2 billion** in state and local tax revenues a year. Benefits such as travel rewards points and airline miles play a key role in supporting our industry by making trips more affordable and enticing consumers to travel more frequently. Under this bill, merchants would have no obligation to use the funds credited to them on the rewards programs currently financed by issuers from interchange fees. As a result, most will not. The reduction in rewards available to consumers would result in a material and substantial decrease in revenue to the State and the businesses that rely on tourism.

Additionally, requiring two separate payments on each transaction is cumbersome, and threatens to cause to spend less while they're here. A reduction in total transactions resulting from a decrease in the ease of payment for consumers would further undermine business and the greater economic wellbeing of the State.

The current structure of interchange fees enables benefits that make traveling to Maryland more affordable for consumers and makes electronic transactions safe, quick, and easy. The changes proposed would throttle a key sector of our economy. We respectfully urge an unfavorable report on House Bill 29 and appreciate your support of the tourism industry.

Sincerely,

A handwritten signature in blue ink that reads "Cassandra M. Vanhooser". The signature is written in a cursive style with a large, looping initial "C".

Cassandra M. Vanhooser  
Chairman