

# INTERCHANGE WORKS:

## Stop Proposals to Change How Maryland Consumers do Business!

The electronic payment system makes transacting business fast, safe and secure.

### OPPOSE HB 29

Exempting sales tax and gratuities from interchange is a monumental, unprecedented disruption to a system that works well.

- Similar bills have been **considered and rejected** in 30 states over the past 17 years.
- In December 2024, a federal judge issued a Preliminary Injunction against a similar law in Illinois (the IFPA) due to conflicts with the National Bank Act and Homeowners Credit Loan Act. The court found the banking industry is “likely to prevail” on its claims of **federal preemption**. This means if Maryland passes a similar bill, it could apply only to state-chartered institutions and put them at a competitive disadvantage to national players.
- The **U.S. Office of the Comptroller of the Currency** characterized the IFPA as an “ill conceived, highly unusual, and largely unworkable state law that threatens to fragment and disrupt this efficient and effective system,” while also weakening financial institutions’ abilities to “prevent fraud, manage risk, and provide critical services to consumers.”
- Current **systems do not have the capability** to identify and separate out the sales tax percentages and gratuities from the total transaction cost for the different sales tax jurisdictions in Maryland.
- Creating a payment system unique to Maryland would **take years** and increase the cost of operating an electronic payment point of sale terminal – a cost of doing business that retailers routinely pass along to consumers. The global payments system is not designed for state-by-state models.
- Research shows 93% of **consumers are happy with their credit and debit cards**. The proposed new requirements put at risk customer benefits such as airline miles, cash back, and travel points.
- **Don’t put Maryland consumers at risk**. Consumers use cards because they are quick, convenient, and significantly reduce the opportunity for fraud as compared to cash or check transactions. These card benefits are all compromised with the proposed change to the card processing system – a change that would set Maryland apart from every other jurisdiction on the planet.
- Interchange is tax deductible at the federal and state levels and **Maryland already permits retailers to keep a portion** of sales tax collected to help offset remittance costs.

**There is NO benefit to the state or to consumers in removing sales tax and gratuity from the interchange fee calculation. Only nationwide mega-corporations stand to benefit. It is unclear how much the technological development and implementation cost, who would pay for infrastructure overhaul, and how long it would take.**

Before any new requirement is mandated, careful consideration must be given to the enormous investment to develop and implement a novel technological infrastructure for Maryland that will justify the additional costs for retailers, consumers, and card issuers. What *is* certain is that Maryland consumers will ultimately pick up the tab, as businesses seek to recoup the massive costs of research, development, and implementation.

**Keep card transactions safe and convenient and oppose HB 29!**



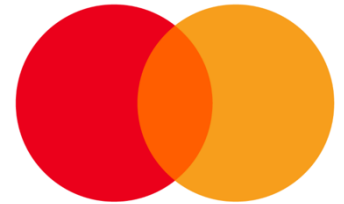
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