

For Immediate Release  
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## **Pennsylvania Retailers Say No Need for Anti-Surcharge Bill**

HARRISBURG, PA, February 1, 2013 – The Pennsylvania Retailers’ Association, the statewide trade association representing retailers throughout the Commonwealth of Pennsylvania today said there is no need for legislation that would prohibit retailers from surcharging consumers who use credit cards because few if any merchants intend to do so.

“This legislation would fix a problem that doesn’t exist,” PRA President and CEO Brian A. Rider said. “Pennsylvania residents may have seen a lot of headlines about surcharges lately but what they almost certainly haven’t seen are any actual surcharges. That’s because most Pennsylvania retailers have no intention of surcharging and very few would be able to do so even if they wanted to. The idea that retailers want to surcharge is misinformation being spread by the card industry. Retailers want to lower prices for their customers, not raise prices.”

“Rather than a bill to address card industry propaganda, what we really need is legislation to bring credit card fees under control,” Rider said. “Credit card swipe fees have tripled over the past decade despite the fact that computers and technology make it cheaper for card companies to process transactions every day.”

State Representative Adam Ravenstahl this week announced plans to introduce legislation that would bar retailers from surcharging customers who use a credit card. The planned legislation is in response to new Visa and MasterCard rules that replace a previous ban on surcharges with complicated new rules that would theoretically allow retailers to surcharge under certain circumstances.

The change is part of proposed settlement announced in July in a federal antitrust lawsuit brought by merchants against Visa and MasterCard’s “swipe” fees. Averaging about 2 percent, swipe fees are a percentage of the transaction taken by banks each time a consumer swipes a credit card to pay for a purchase, and total about \$30 billion a year nationwide. The fees have tripled over the past 10 years but the settlement failed to take steps to bring them under control. The majority of the plaintiffs who brought the lawsuit have rejected the settlement and have gone to court to block it from receiving final approval.

While the settlement would technically allow retailers to surcharge, Rider said a number of obstacles would prevent most merchants from actually doing so even if they wanted to:

- Ten states representing 40 percent of all U.S. credit card transactions – California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas – prohibit surcharges by law.
- Even though Pennsylvania does not bar surcharges, Visa and MasterCard require a retail chain to have the same card acceptance policies in all its stores. It is therefore

questionable whether national or regional chains with stores in the 10 states above would be able to surcharge in the 40 other states, including their Pennsylvania stores.

- The settlement requires merchants who surcharge Visa or MasterCard to also surcharge American Express. But American Express contracts bar merchants from surcharging that company's cards, meaning a merchant who accepts American Express would not be allowed to surcharge any cards at all.
- The settlement allows merchants to surcharge select premium credit cards that carry the highest swipe fees, but gives merchants no way to identify those cards.
- Merchants would be required to go through a number of complicated steps in order to surcharge, including giving Visa and MasterCard detailed plans at least 30 days in advance, posting extensive signage in stores, and spending significant amounts to reprogram or replace cash register systems. Ironically, merchants might also have to pay swipe fees on the amount of the surcharge, further driving up fees collected by the card industry.

Rider said the restrictions would effectively block most national and regional chains from surcharging, and that small retailers are too busy running their stores to comply with the time-consuming and expensive steps that would be required.

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