

# INTERCHANGE WORKS:

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

**The existing interchange system provides a safe and reliable method for conveniently transacting business. OPPOSE proposal to prohibit interchange on sales tax!**

**Removing sales tax from interchange calculations would be a major interruption in a system that works well.**

- 58 bills have been introduced (without success) over almost two decades to remove sales tax from the calculation of interchange fees on credit card transactions.
- Current systems do not have the capability to identify and remove the sales tax percentages from the total transaction cost for the different sales tax jurisdictions in Pennsylvania.
- Creating a system to uniquely account for the sales tax percentage of various jurisdictions in Pennsylvania will 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.
- Research shows 93% of consumers are happy with their credit and debit cards. These requirements put at risk customer benefits such as airline miles, cash back, and travel points.
- 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 Pennsylvania apart from every other state in the nation.

**Why put Pennsylvania consumers at risk? There is NO benefit to the state in removing sales tax from the interchange fee calculation.** For decades special interest groups advocating for increased profits to retailers have argued for this change that governments across the United States have repeatedly been denied.

**How much will technological development and implementation cost and who will pay for it?** The cost of implementation only in Pennsylvania is one of many unknowns, which is why the interchange discussion deserves more time and consideration. It's uncertain card processors can develop the necessary technology infrastructure to exempt sales tax from interchange fee calculations or how long it will take.

Before a requirement is mandated, careful consideration must be given to the enormous investment to develop and implement a novel technological infrastructure for Pennsylvania that will justify the additional costs for retailers, consumers, and card issuers.

What *is* certain is that Pennsylvania 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 prohibiting interchange on sales tax!**

