



February 22, 2021

Memorandum:

To: House Tax Committee
From: Thomas M. Palace Executive Director Fuel True
Re: Support HB 2316

Mr. Chairman and Members of the House Tax Committee:

My name is Tom Palace. I am the Executive Director of Fuel True formally known as the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 250 independent Kansas Energy distribution companies and convenience store retailers throughout Kansas.

Mr. Chairman and members of the committee, thank you for the opportunity to provide testimony supporting HB 2316.

HB 2316 allows retailers that accept credit cards to pass credit card fees to consumers just like the state and local government do when Kansas consumers pay taxes with a credit card.

The bill does not state a limit as to how much can be applied as a charge. I would suggest the bill be amended to say:

“Merchants cannot charge more than the actual cost of credit card processing or 3.5% whichever is lower”.

The use of credit cards has increased over the years and in most cases 80-85% of sales are completed with credit or debit cards. With the pandemic and the fear of being infected with COVID there are some companies that eliminated accepting cash and only take credit cards.

The younger generation predominantly uses credit or debit cards. Rarely, do they use cash. The trend of using credit cards is not changing.

We surveyed some of our board members and the annual fees paid to credit card companies ranges from \$6700 for a small retailer to \$3 million for a company that has 30 or so stores.

Working with credit card companies is not a democracy. The rate and terms are dictated by the credit card company and if a retailer wants/needs to accept a card negotiation is out of the question. In today's business world retailers must accept credit cards to stay in business.

Credit card theft has been a problem for a number of years and unfortunately, theft at the pump has been a growing problem. To curtail the liability from credit card the credit card companies will soon require fuel dispensers to accept EMV cards. These are the cards with the chip on them. **EMV** is a payment method based upon a technical standard for smart payment cards and for payment terminals and automated teller machines which can accept them. **EMV** originally stood for "Europay, Mastercard, and Visa", the three companies which created the standard.

PO Box 678
Topeka KS 66601-0678

785-233-9655
fueltrue.org



EMV requires retailers to retrofit a dispenser to accept these cards. This is a very expensive endeavor and will force some of my members out of business. Why, they have very old pumps that cannot be retrofitted, and they will be required to buy new pumps to be able to accept chip credit cards.

Mr. Chairman, retailers should have the ability to pass on credit card fees to their customer...just like state and local government have done for years. The House recently passed a bill allowing small and private colleges to do just that pass on fees to students using credit card...just like state and local government and regent universities. It's time to allow all retailers the same benefit.

We ask the committee to support HB 2139.

Thank You.