



February 4, 2022

Memorandum:

To: Senate Assessment and Taxation Committee
From: Becky Schwartz, Executive Director, Fuel True
Re: Support HB 2316

Chairwoman and Members of the Senate Tax Committee:

My name is Becky Schwartz. I am the Executive Director of Fuel True Independent Energy and Convenience, 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.

Madam Chairwoman 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 governments do when Kansas consumers pay taxes with a credit card.

We surveyed some of our board members, and the annual fees paid to credit card companies are astronomical. One retailer has four stores in the western part of Kansas. Those locations have a net income of \$274,000 and their credit card fees are \$243,000. We have another retailer with 24 locations across the state, and in 2021, they paid \$2.4 million or 40% of their net income in credit card fees.

Credit card theft has been a problem for many years, and unfortunately, theft at the fuel pump is a growing problem. Our members are constantly required to upgrade their pumps to protect customers from fraud. Credit card companies now require fuel dispensers to be EMV compatible. (EMV is a payment method based upon a technical standard for smart payment cards and payment terminals and automated teller machines that can accept them.) If a business does not upgrade their pumps, they are liable for all the fraudulent claims.

One member based in the North Central part of the state has ten sites. Seven of those ten sites he upgraded to be compliant at the cost of \$420,000. One was a new site where the pumps were new and automatically compliant. The other two sites, in one year, he had \$21,000 worth of fraud claims which he had to pay. He is in the process of getting those converted.



Credit card companies dictates the rate and terms. In today's world, retailers must accept credit cards to stay in business. However, they pay an exorbitant amount in fees and equipment upgrades to protect the consumer. Retailers should have the ability to pass on credit card fees to their customers...just like state and local governments have done for years.

We ask the committee to support HB 2136.

Thank You