



The Policy No Floridian Asked For Would Kill Credit Card Points & Threaten Financial Privacy

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In the past two legislative sessions in Tallahassee, curious legislation became the center of a flurry of arguments and late session activity.

The drama started in 2023, when Florida Senate Bill 564 was introduced and elevated through committee hearings, leading to some heated public testimony in the Senate Rules committee.

This legislation would force payment card networks, small community banks, and credit unions to no longer include sales tax when calculating their processing service fee – called an interchange fee.

These transaction fees are not exactly a common item of discussion at the dinner table, but intuitively they make sense: the building, upkeep, security, and efficiency of

a debit or credit card network are not free, they're a capital-intensive service that people pay to use.

Certainly, your average Floridian, dealing with record inflation and a property insurance crisis, was not calling their state legislators demanding they manipulate these interchange agreements between private businesses.

After all, the legislation we're focusing on would not save a consumer much, if anything. Sales tax makes up a small portion of any sale. Since the sales tax needs to be collected, processed, and remitted to the government, bills like SB 564 are playing make believe.

Even worse, the legislation would have forced small community banks and credit unions to exclude sales taxes from the interchange fee, or to pay merchants that tax amount after a purchase – which can mean getting a bill from a merchant months after a transaction.

Government is imposing the sales tax burden. Private businesses have developed a way to collect and remit it as payments are processed across a complex network. There is no rhyme or reason for government to later dictate how these private entities carry their state-mandated obligation to collect the tax.

For years, interchange fees have been a target of big-government Democrats. We know who loses the most if government sticks its nose in these agreements and it is everyone who uses a credit card and enjoys benefits like cash back, or airline points.

Floridians could also lose the benefits of fraud protection from chip-enabled cards. Interchange fees pay for these benefits.

We know this because Sen. Dick Durbin (D-Ill.) succeeded years ago in degrading your debit card benefits with similar federal legislation that manipulated how debit interchange fees work.

Before the passage of the Durbin Amendment in the infamous Dodd-Frank Act in 2010, your debit card offered similar benefits to current credit cards. After its passage, these benefits [went away](#).¹

In 2014, the Federal Reserve Bank of Richmond [found](#) that, after the enactment of the Durbin Amendment, about 22% of retailers raised prices on consumers while only 1% lowered prices.²

It's sadly no surprise that the only state to pass a newfangled attack on cards is Illinois. That state is now tied up in court over their ill-advised legislation.

The good news is that more than 30 states have faced the threat of similar legislation and rejected it. That includes Florida.

Despite the advancement through committee of an Illinois-style interchange fee bill in 2023, the Florida Senate never voted on that bill.

In 2024, there was a late, surprise move to include a study of such a bill in the state budget. This study, which would have cost north of a million dollars, was vetoed by Governor DeSantis.

A "study" is just cover for reintroducing the bill that failed in 2023. For all the reasons included in this article and many more, we know the bill is a bad idea; a costly study is a waste of taxpayer dollars.

If any Republican legislators are thinking of reviving either of these misguided proposals, they would be doing so alongside Sen. Durbin, as he continues to work to

pass his federal “[Credit Card Competition Act](#)” in Washington.

Small businesses lose under the CCCA. According to one [new paper](#), small businesses may lose more than \$1 billion in rewards. The paper also finds that the CCCA will reduce access to small businesses’ \$700 billion in revolving lines of credit.

There are good options for legislators who want to alleviate the burdens on small businesses.

First, the federal government needs to take a step back.

Congress should repeal the Corporate Transparency Act (CTA), which forces 32 million businesses across the U.S. to submit proprietary information to the federal government (including a driver’s license, Social Security Number, address, and birth date). Additionally, all of the tax cuts in the Tax Cuts and Jobs Act (TCJA) should be made permanent.

At the state level, Florida legislators can expand vendor discounts for merchants reporting state sales taxes. Currently “[The collection allowance is 2.5% \(.025\) of the first \\$1,200 of tax due.](#)”³

This policy acknowledges the burdens of sales tax compliance, reducing the costs government imposes instead of manipulating private contracts.

The policy surrounding interchange fees and debit and credit card transactions may be a bit arcane, but the principles are simple: The government should not intervene in private contracts and create downstream consequences that cost Florida families and businesses as new government burdens are passed down. Instead, the government should reduce the burdens it is creating so Florida businesses can cut costs and the state’s powerhouse economy can keep humming.

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