



Facts About the Interchange Fee Prohibition Act

FACT: The Interchange Fee Prohibition Act is the largest small business relief measure ever passed in Illinois, benefiting retailers of all sizes and their customers.

MYTH: The Interchange Fee Prohibition Act will cause chaos for consumers as it is difficult and costly to implement.

FACT: Financial institutions already track and separate sales tax and tips from the purchase price on every transaction. This law simply requires them to stop charging fees on those specific portions of the transaction. If they can track it, they can apply this change. Any chaos will be the result of an intentional decision by the credit card cartel to inconvenience their customers.

MYTH: Credit card companies can't implement this change.

FACT: Credit card companies already collect and report sales tax and tip information to their business customers using existing equipment. If they can track it and report it, they can change how they charge fees on those amounts.

MYTH: Consumers will have to pay sales tax and tips with cash or swipe their cards twice.

FACT: Consumers will still be able to use their credit and debit cards exactly as they do today. The only reason any consumer would have to do this is if credit card companies want to intentionally create chaos for their customers. When consumers leave a tip today, they do so after swiping their card. Consumers are not required to swipe twice or pay with cash. The same will be true under this law.

MYTH: Workers will lose tips because consumers will have to swipe their cards twice or tip with cash.

FACT: The only reason any consumer would have to do this is if credit card companies want to intentionally create chaos for their customers. When consumers leave a tip today, they do so after swiping their card. Consumers are not required to swipe twice or pay with cash. The same will be true under this law. This law simply prevents banks and credit card companies from charging extra fees on money that isn't theirs: tips earned by workers and the taxes consumers pay.

MYTH: Credit card rewards or points programs will disappear.

FACT: Nothing in this law changes or bans rewards programs. If banks or credit card companies alter rewards, that is a business decision they choose to make, not something required by law. For decades, credit card companies have threatened rewards anytime there is mention of reforming the electronic payment industry. It is a tactic used to scare their customers. When other nations made changes, they never followed through with this threat. In fact, rewards have gotten more generous and more competitive.

MYTH: Only big retailers will benefit from this law.

FACT: Businesses of all sizes are burdened by the same unfair system and will benefit from eliminating fees on taxes and tips, and that same relief will be felt by consumers. Any business that accepts credit or debit cards pays swipe fees, from small, independent retailers and Main Street businesses to big box stores. In fact, over 60% of the benefits of taking the fees off sales taxes and tips accrue to small businesses.

MYTH: This will hurt small businesses.

FACT: This is the largest small business relief in Illinois history. Small businesses not only get the relief from the burden of paying swipe fees on sales taxes and tips, but they also get to keep the 1.75% they are allowed to retain as a partial reimbursement for administering the sales tax on behalf of the state and units of local government.

MYTH: *This is like the change to chip cards and will take years.*

FACT: This is a false comparison. The chip card was new technology and required billions in investments by retailers. Moving the application of the swipe fee from one line item to another is not new technology, especially given the fact that credit card companies already track and report how much is paid in sales tax, tips, and the total amount for the merchandise or service.

MYTH: *Consumers don't pay swipe fees, retailers do.*

FACT: Retailers are charged first, but swipe fees are built into the prices consumers pay every day. They are a cost attached to every credit and debit card transaction, and those costs ultimately show up at the register. This law simply targets a particularly unfair portion of this system—fees on taxes and tips—none of which go to retailers.