

INTERCHANGE WORKS

DON'T OPT DELAWARE OUT OF THE GLOBAL PAYMENTS SYSTEM

The electronic payments system makes transactions
– including gratuities – fast, safe, and secure.

OPPOSE HOUSE BILL 315

Banning processing fees from gratuities will create chaos, hurting small businesses, local banks and credit unions; make it inconvenient for consumers and small businesses; and hurt the very people (tipped workers) it is intended to help. No jurisdiction on the planet calculates credit and debit card transactions in the manner required by HB 315.

- Since 2005, **30 states rejected similar bills** exempting sales tax and/or gratuities from processing fees. In 2025, 26 jurisdictions **said NO** to passing bills like HB 315.
- Merchants can choose what payment methods they accept from their customers – they are not forced by the government to accept credit or debit cards. **Financial institutions should not be forced to process parts of a transaction for free.**
- With no current standardized ability for networks or financial institutions to accurately accept split transactions without huge risks, **customers may need to pay gratuities by cash, check or other payment method.**
- The Delaware Department of Labor already prohibits restaurants from deducting card processing fees from server tips. Tipped workers enjoy higher tips when customers pay by card. Forcing gratuities in cash or check could result in lower tips for tipped workers.
- **Processing fees fund credit card rewards programs.** If HB 315 passes, credit card reward programs that consumers enjoy and depend on – such as airline miles, hotel points and cash back – will suffer, and likely only in Delaware. Rewards are currently given on the total transaction, including tips.
- **Don't put Delaware consumers at risk.** Consumers use cards because they are quick, convenient. These benefits are all compromised by HB 315. Don't let Delaware become a global outlier.
- Banks and credit unions extend an unsecured loan and take on repayment risk for the total amount of the transaction. This bill harms operations of local banks and credit unions - imposing severe penalties for violation - and primarily benefits multi-billion-dollar chain restaurant conglomerates.
- Processing fees are a tax-deductible business expense at the federal and state levels. Delaware merchants are permitted to surcharge on credit transactions, allowing them to cover the full cost of electronic acceptance, including gratuities. HB 315 would provide merchants a double benefit from not having to pay at all.
- This issue is in active federal litigation. Delaware should not take this up while the case is pending, potentially costing taxpayer dollars to defend a law that may very well be federally preempted.

There is **NO** benefit to the state, to consumers, to tipped workers, or to small businesses by exempting gratuities from processing fees.

OPPOSE HOUSE BILL 315

KEEP CARD TRANSACTIONS SAFE AND CONVENIENT

