

March 13, 2025

The Honorable Jared Polis  
Governor of Colorado  
136 Colorado Square Capitol  
Denver, CO 80203

Re: House Bill 1282, Protecting Colorado Businesses from Unfair Credit Card Swipe Fees

Dear Governor Polis,

On behalf of members of the Airport Restaurant & Retail Association (ARRA), I am writing in support of Colorado House Bill 1282. This critical legislation will provide much-needed financial relief to businesses of all sizes across Colorado, including those providing valued retail and food & beverage services to the traveling public in your state's airports. This bill seeks to end the unfair practice of applying credit card swipe fees to taxes and tips – monies that do not constitute actual revenue for businesses but are instead passed directly to the government or employees. Nonetheless, the businesses pay the swipe fees on these amounts which, for a typical restaurant, might represent nearly 1% of an average check. The amount does not sound large. However, given retailers and restaurateurs razor-thin margins, the swipe fee on taxes and tips could wipe out 10% of those business' profits!

At the end of the day, retail and restaurant businesses – in the airport or on the street – are at the mercy of effective monopolists. Yes, the credit card companies and the issuing banks compete; but they compete with each other to acquire credit cardholders. Ultimately, there is little or no cost to them to compete. Rather, the costs are borne by small, medium, and large businesses that can only accept these costs to remain in business themselves. The banks' and credit card companies' ability to transfer costs to other businesses with impunity creates an unfair economic environment that places untold burdens on many small and large businesses. In fact, last year the two dominant credit card companies announced fee increases totaling hundreds of millions of dollars a year – an increase in costs that restaurants and retailers cannot decline or mitigate. The cumulative burden of these fees threatens many businesses and the livelihood of their workers – exactly the group of workers HB1282's opponents assert to protect.

Some have claimed that credit card rewards would suffer by passage of the bill, but this criticism of HB1282 is simply not accurate. First, banks derive substantial profits from their credit card operations, including \$125 billion in fees and interest in 2022 alone, far exceeding the \$41 billion they paid out in rewards. In jurisdictions such as the European Union and Australia, where reforms limiting credit card swipe fees have been enacted, rewards programs remain

widely available. The notion that a modest reduction in swipe fee revenue will force banks to eliminate rewards programs is an empty threat aimed at deterring necessary reforms.

Some also claim that airport retail and foodservice operators will suffer under HB1282. This claim, frankly, is nonsense. Many airport merchants support HB1282 because it addresses unfair and anticompetitive practices by Visa and Mastercard. It is telling that airlines, which generate significant revenue from their affinity credit card partnerships, continue to oppose any swipe fee reform, regardless of the specific provisions involved. In reality, this bill benefits small businesses and consumers while curbing an unchecked and predatory fee structure.

States such as Illinois have already recognized the need to protect businesses and consumers by eliminating swipe fees on taxes and tips. Colorado has the opportunity to be a leader in fair business practices and economic sustainability by following suit.

The Airport Restaurant & Retail Association's mission is to work collaboratively within the aviation industry on business, operational, and policy matters affecting U.S. airport restaurant and retail operators. As an organization comprised of airport concessions operators of all sizes and ownerships, we work in partnership with airports to enhance the passenger travel experience. But ARRA's members today suffer from unrestrained increases across a wide variety of costs – including credit card swipe fees – that threaten the travel experience. Eliminating costs to collect taxes and tips on behalf of others will help Colorado airport store and restaurant operators continue to serve the traveling public.

Governor Polis, the members of ARRA urge you to support House Bill 1282 to protect Colorado's businesses, ensure fair financial practices, and promote a competitive and transparent payment system. Thank you for your leadership and commitment to Colorado's economic stability. We enthusiastically support this legislation and hope that it will pass with your full support.

Sincerely,



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