

Broomfield Taxpayer Matters



RE: SB26-134 – Senate Business, Labor & Technology Committee

Hearing Date: Thursday, March 12, 2026 @ 1:30pm

Sponsors: Rep(s) McCluskie & Duran, Sen(s) Lindstedt & Jodeh

Thank you, Chair Danielson, and Members of the Senate Business, Labor & Technology Committee.

Thank you for considering this written testimony. My name is Sheryl Fernandez, and I represent Broomfield Taxpayer Matters, a nonpartisan, nonprofit organization that works to educate, empower, and advocate for the taxpayers across Colorado – NOT just in Broomfield.

Broomfield Taxpayer Matters are in OPPOSITION to SB26-134.

While the bill is presented as a way to prevent interchange fees from being charged on the tax portion of credit and debit card transactions, the reality is that this policy does not eliminate costs—it simply shifts them. Payment networks and financial institutions are businesses, and when revenue is restricted in one area, they inevitably recover those costs somewhere else in the system.

That means the real impact will likely fall on small businesses and ultimately on consumers.

Businesses will face new compliance requirements to separate the tax portion of every electronic transaction and transmit that information through payment networks. For many small businesses—especially restaurants, retailers, and small service providers—this will require software updates, new accounting procedures, and additional administrative costs. Larger retailers may be able to absorb those changes, but small businesses often cannot.

When costs increase for businesses, those costs do not disappear. They are passed on to consumers in the form of higher prices, additional credit card surcharges, or reduced services.

In addition, interchange fees help fund fraud protection, payment security, and consumer rewards programs. When those revenues are restricted by government mandate, banks and card issuers typically respond by raising other fees—such as annual card fees, banking fees, or reducing consumer rewards programs. That means consumers could end up paying more in different ways.

From a taxpayer perspective, this bill also invites unnecessary litigation by creating a private right of action. That increases legal risk and compliance costs across the payment system, which again filters down to businesses and consumers.

Colorado's economy relies heavily on small businesses. Policies that complicate payment systems and impose new regulatory requirements may sound simple on paper, but they create real burdens in practice.

At the end of the day, this bill does not remove costs from the system—it simply redistributes them in ways that are likely to increase prices for consumers and administrative burdens for businesses.

For those reasons, BTM respectfully urge the committee to vote no on this bill.

Thank you for your time and consideration.



Written Testimony – SB26-134

Ryan Kato

Chief Operating Officer
Integrity Bank & Trust
Colorado Springs, Colorado

Chair and Members of the Committee,

I respectfully submit this testimony in **opposition to Senate Bill 26-134**.

While the intent of the bill may be to help merchants, the practical result will likely be the opposite — creating new operational challenges for small businesses, confusion at the point of sale and unintended consequences for Colorado consumers.

SB26-134 prohibits interchange from being charged on the tax portion of a payment card transaction. Payment card systems, however, operate on national networks with standardized processing infrastructure. Requiring Colorado-specific transaction rules would introduce complexity that merchants, processors and financial institutions would struggle to implement in a reliable and consistent way.

For small businesses, separating the tax portion of a transaction in real time and determining which cards qualify for exemptions would create operational confusion and compliance risk. Most small businesses do not have sophisticated payment systems capable of making those distinctions at the point of sale.

Small businesses also lack the technical resources and payment infrastructure that large national retailers have available. When payment systems become more complex, it is the local merchant, the restaurant owner, the independent retailer and the small service provider who feel the burden first. Instead of simplifying commerce, this bill risks making card acceptance more complicated and costly for the very businesses it is intended to help.

Financial institutions also assume fraud and credit risk on the entire transaction amount, including taxes. Removing interchange on part of the transaction while maintaining full liability fundamentally alters how the payment system currently balances risk and cost.

In practice, the bill may encourage payment networks or financial institutions to limit how card transactions involving taxes are processed in Colorado. That could lead to situations where consumers are unable to use their cards for the full amount of a purchase and are instead required to pay the tax separately using cash or another method. This outcome would reduce convenience for consumers and increase administrative burdens for merchants.

Additionally, the bill creates potential litigation exposure through a private right of action tied to these complex requirements. This introduces legal uncertainty into a payment ecosystem that currently operates with speed, reliability and security.

Colorado's payment system is working today because it is uniform, secure and predictable. Interchange helps support fraud protection, cybersecurity, dispute resolution and the infrastructure that allows transactions to clear instantly and safely.

In short, this bill attempts to solve a perceived pricing issue but risks breaking a payment system that currently works well for Colorado businesses and consumers.

For these reasons, I respectfully urge the committee to **vote no on SB26-134**.

Thank you for your time and consideration.

Ryan Kato
Chief Operating Officer
Integrity Bank & Trust
719.325.5206

Senate Business, Labor, & Technology

03/12/2026 Upon Adjournment

SB26-134 Payment Card Networks' Fees

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Robin Rossenfeld Against themselves	<p>I appreciate that the sponsors of the bill really do want to help small businesses. However, the only beneficiaries of this bill will be large retailers and restaurant chains. Every small business that takes credit cards (and that is almost all of them) will be harmed by this bill. The sandwich stand at lunch will have delays, staff will have to undergo additional training, and the taxes paid on a large transaction may not have fraud and other protections. Let us be clear: Walmart wants this bill; average-sized and small businesses will hate it.</p> <p>If you wanted to really do something about swipe fees, put a cap on them. I take credit cards and I wish the fees were lower “ but I also appreciate the protections that those fees pay for.</p> <p>Please vote no. The proposed bill will do more harm than good.</p>
Melinda Carbaja Against Simply Pizza	<p>Thank you for the opportunity to testify. My name is Melinda Carbaja and I am CEO and managing member at Simply Pizza. I wanted to write in to discuss why I believe this bill is not ready, and specifically things that concern me if it passes. We need relief, but let’s keep driving the how!</p> <p>Credit cards are the primary way that we accept payments. As a mobile and hybrid vendor we often times are a 3rd party operator at venues/events. Many of these arenas, conferences, and festivals have moved to cashless operations. Whether by force of the structure of our business and our partnerships or due to preference we rely on card payments. Aside from the spaces where we are forced to be cashless, having cash means counting tills, making bank runs, worrying about theft, and dealing with shortages at the end of the</p>

	<p>night. Cards are faster, cleaner, and more accurate. The vast majority of our transactions are on cards.</p> <p>This bill could cost me sales. It would be awesome, if you could guarantee me money back without any shift in capital resources or access to credit card services. If this bill passes and the payments system gets disrupted, we may lose. My customers aren't going to start carrying cash for the tax on their pizza. They're going to be confused, frustrated, and they might just go somewhere else. I can't afford to lose a single customer right now. How can you guarantee that our POS operators will adjust the platforms for this regulation?</p> <p>Small biz has little resources and/or tools to navigate. Big business will have the resources to navigate how to make this work for them. I fear that the massive restaurant conglomerates and big-box retailers who have entire legal and finance departments to navigate whatever new system this creates will win. Please don't pass a bill and then "figure it out later". We need support, resources, and relief. Can we find a way to do this without potential negative implications?</p> <p>I understand that negotiating interchange rates could be an implication of this bill? Restaurant owners in Colorado would need to negotiate new interchange rates. Will you have negotiators on behalf of small business? Where will you find funding to support these resources? If this legislature wants to help small businesses, stop passing laws that favor big business. We want incentives, tax breaks, and innovation from leadership. Conceptually this seems like an easy win, but it is flawed systemically. Level the playing field with GUARANTEES.</p>
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The Colorado Ethiopian Community

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1450 S Havana Street Aurora, CO 800102 Suite # 300

Ref: CEC/Edir 2026/17
March 10, 2026

To: The Honorable Jessie Danielson, Chair and Members of the Committee

The Colorado Ethiopian Community is opposed to Senate Bill 26-134 as currently written. Many of our members are business owners who accept credit cards. This bill results in no savings for them. In fact just the opposite. This bill will result in hassles, slower customer service and lost revenue. It will benefit only large retailers and chain restaurants.

Under this bill my members will:

1. First process the amount of the bill using the customers card – than
2. Do a separate transaction for the sales tax – which means that the customer will either have to pay the sales tax in cash or run the card a second time.

In the real world at a restaurant packed at lunch or at a store with a long line of customers this means delays and additional fees.

We certainly support the intent of the bill to reduce swipe fees. Every business feels the pain of these fees that cut into their bottom line. But this bill will harm thousands of retailers and harm small businesses in every sector that accepts credit cards for payments.

We urge a 'NO' Vote.

Thank you for your consideration,
Colorado Ethiopian Community

www.ethiocolorado.com Email: etcomcolorado@gmail.com

Like us on: [facebook.com/cec.ethiopia](https://www.facebook.com/cec.ethiopia) Follow us: twitter.com/Ethiocommunity1 Off. Phone (303) 955-1031

The Colorado Ethiopian Community is an exempt organization as described in Section 501(c)(3) of the Internal Revenue Code; EIN 45-5424318



Written testimony in Opposition to SB26-134

Submitted to the Colorado Senate Business, Labor, and Technology Committee

March 12, 2026

Chair and Members of the Committee,

My name is Niki Stotler, and I serve as President and CEO of High Country Bank, a Colorado community bank that has served local families and businesses for nearly 140 years. Community banks like ours play a unique role in Colorado's economy – providing relationship-based banking, supporting local businesses, and reinvesting directly into the communities we serve.

I appreciate the opportunity to provide testimony in opposition to Senate Bill 26-134.

While the intent of the bill may be to reduce costs for merchants, the structure of today's payment system means SB26-134 will likely create significant unintended consequences for small businesses, consumers, and community banks across Colorado.

First, this bill would create operational and financial burdens for many small businesses. SB26-134 prohibits interchange fees on the tax portion of a transaction. While this may appear straightforward in theory, the reality of how payment systems operate today makes this extremely complicated to implement.

Most small businesses rely on point-of-sale systems and payment processors that treat the total purchase amount — including taxes — as a single transaction. In order to comply with this legislation, businesses may be required to update or replace point-of-sale systems, reprogram payment software, or adopt entirely new payment processing systems capable of separating tax amounts from the rest of a transaction.

These system updates could be costly, particularly for small businesses that operate on thin margins. For many merchants — especially restaurants, retailers, and service providers — this would mean new equipment, new software, and ongoing system maintenance expenses.

In addition, payment processors may pass along the cost of building new systems required to comply with this law. As a result, businesses could see higher processing fees, not lower ones. In many cases, the operational and compliance costs associated with this bill could exceed any theoretical savings.



Second, the bill could complicate everyday transactions for both businesses and customers. Because of the difficulty in separating taxes within existing payment systems, some merchants may be forced to collect taxes through separate payments, potentially requiring cash or check transactions for the tax portion of a purchase.

This would slow transactions, create confusion for customers, and add administrative complexity for businesses that would now have to track and reconcile multiple forms of payment for a single sale.

For small businesses already navigating inflation, labor shortages, and rising operating costs, adding new payment complexities is not helpful.

Third, the bill's exemption for financial institutions under \$60 billion in assets does not work in practice and may unintentionally disadvantage community banks. While the bill attempts to exempt smaller financial institutions, the modern payments system does not function in a way that allows this exemption to work effectively.

Most community banks do not operate independent card networks. Instead, we rely on partnerships with larger financial institutions and payment processors to issue debit and credit cards. Only about 12 percent of banks under \$10 billion in assets operate their own card programs.

Implementing a system that can distinguish between exempt and non-exempt cards would require significant technological development and investment. Given that Colorado represents only about 2 percent of national credit card transactions, it is uncertain whether payment networks would even build the infrastructure required to support this exemption.

History shows similar carve-outs have not worked as intended. Following the federal Durbin Amendment in 2011—which attempted to exempt smaller banks from debit interchange restrictions — interchange revenue declined for both large and small banks alike.

Finally, the bill could reduce access to low-cost banking services.

Following federal interchange restrictions, many financial institutions reduced or eliminated low-cost or free checking accounts. These changes disproportionately impacted low- and moderate-income consumers. Similar revenue pressures created by SB26-134 could lead to comparable outcomes in Colorado.

The bottom line is that SB26-134 risks raising costs for the very small businesses it aims to help, while adding complexity and uncertainty to Colorado's payment system. Well-intentioned policy should make it easier for small businesses to operate – not require them to reprogram payment systems just to process a sale. Community banks strongly support the success of small businesses. Our institutions exist to serve local economies, provide accessible financial services, and help entrepreneurs grow and thrive.



For these reasons, I respectfully urge the committee to vote NO on SB26-134.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Niki Stotler", is written over a circular stamp or seal. The signature is fluid and cursive.

Niki Stotler
President & CEO
High Country Bank