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## 2025

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April 11, 2025

### Statement of the St. Thomas-St. John Chamber of Commerce on Bill No. 36-0019

To: Committee Chairman Hubert L. Frederick, Vice-Chair Angel L. Bolques Jr., Committee members, fellow testifiers, and members of the listening and viewing audience.

I am John P. Woods, President of St. Thomas-St. John Chamber of Commerce. On behalf of the St. Thomas–St. John Chamber of Commerce, I respectfully submit this testimony opposing Bill No. 36-0019 which intends to prohibit credit card surcharges.

The cost of living in the Virgin Islands is high, and, unfortunately, the cost of doing business is also high. Understandably, this Bill's sponsors want to give the consumer a break. But, it must be understood that credit card fees are the cost we all pay for the convenience of the use of credit.

The sponsors of this Bill are attempting to save the consumer the fees charged by credit card companies to their users. Everyone, including retailers, wholesalers, and service providers, all pay for the use of credit. Banks charge their customers for the use of credit. The cost of that credit is usually hidden. However, as the Bill's sponsors concede, in many places across the country, the credit card fee is no longer hidden. Thus, credit card fees are now shared with charged customers in places on the mainland, and we here in the Virgin Islands are no different. It may be added as a "service charge" or a "user fee," but it is there. Just as your bank discloses the cost of credit, everyone else is disclosing the cost of credit. If this cost were not shown, it would still be included in the price of the ultimate product or service.

Many Virgin Islands businesses, including restaurants, retailers, and providers of products and services, charge the customer who uses a credit card the fee it pays to the card issuer. This means that a cost that before would be hidden in the price is now revealed. If this proposed legislation is passed, those businesses will continue to pass along that percentage to the price of goods and services to cover the credit card fee. Since the cost cannot be directly recovered, it will be indirectly recovered from the customer. Just like the gross receipts tax, freight charges, wages and salaries, rent, and other business costs,

this fee will be included in the price of the end product or service. It is only fair to the business that the credit card user pays the credit card fee. The purpose of a surcharge is not to boost revenue, but to help businesses recover the cost of the transaction. Cash customers should not be forced to pay the cost of credit that they do not use.

The sponsors contend that tourists should not pay a fee for the use of their credit cards. To that, we say all credit card users will or won't have a fee shown on their merchandise receipt at the discretion of the business. Our visitors are fairly sophisticated and realize they are paying for their use of credit cards whether the fee is hidden or revealed. Tourist-related businesses concerned about this issue may not show the fee. We believe that the sponsors are attempting to dictate the way a business prices and charges for its product and/or services in this way. The legislature is the taxing authority not the business operations authority.

This Bill is well-intentioned in that it seeks to save consumers using credit cards a user fee. Senators, whether the cost is shown or not, it will be paid by all who use or don't use credit cards. If the fee is an additional charge, the government will realize revenues from the GRT imposed on the credit surcharges. We at the Chamber appreciate and realize what this Bill seeks to accomplish. We want you to be aware that this charge will be paid, one way or another, by all customers. Customers who want to avoid that fee pay cash. Let the credit card user pay the fee, and be fair to the rest of the consumers who do not use credit cards and pay cash. Let the business owner use their discretion as to whether or not to disclose this fee.

Thank you for this opportunity to present the position of the St Thomas-St John Chamber of Commerce.