



March 23, 2023

To: Members of the Florida House Commerce Committee
Re: HB 677

Chair Rommel, Vice Chair Maney, and Members of the Committee,

The undersigned organizations write in opposition to House Bill 677. This legislation would prohibit interchange fees on the sales tax portion of electronic payment transactions in Florida. **The government would be interfering in the free market in an attempt to control who bears the burden of collecting and remitting sales tax – risking higher costs for Floridians in a time of out-of-control inflation.**

The state has created a sales tax burden that affects multiple parties in a transaction. The electronic payments system has been developed to accommodate this to best serve consumers and businesses. Currently, that system accounts for the final, total cost of a transaction. It does not parse out local or state sales tax, the network only sees that total.

To attempt to accommodate HB 677, the payment system would have to develop a new process to tabulate the local tax and state tax burden separately – at least doubling the number of transactions processed in Florida.

Under HB 677, the government would insert itself into this functioning system and try to make one party bear the full burden of the tax the government has created by preventing payment processors from applying the usual interchange fee to the full amount of a transaction.

Like every government attempt to control the market, there will be unintended consequences. By drastically increasing the amount of transactions processed, forcing processors to create new systems,

software, and even new equipment, costs for small businesses and consumers in Florida would rise. These added costs will be placed on the processing system, merchants will pass them down to consumers, and everyone will lose.

This is unjustified government interference in the market. If the sales tax burden is too high, and transaction costs are hurting Florida businesses, legislators can reduce the sales tax, or increase sales tax collection allowance.

You have prioritized achieving real relief for Florida taxpayers and small businesses. We applaud your leadership in protecting taxpayers, and growing the state's economy, and urge you to reject HB 677.

Sincerely,

Grover Norquist
President
Americans for Tax Reform

Sal Nuzzo
Senior Vice President
James Madison Institute

Yaël Ossowski
Deputy Director
Consumer Choice Center

Heather R. Higgins
CEO
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Siri Terjesen
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Steve Pociask
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Ryan Ellis
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George Landrith
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Frontiers of Freedom

Phil Kerpen
President
American Commitment