

April 13, 2010

We are writing to you today to express our support for SB 188, an Act to Prohibit Surcharges on the Use of Debit Cards. This measure will prohibit retailers from imposing hidden surcharge fees on debit card holders who choose to use a debit card instead of paying with a credit card, cash or check. This bill merely extends Colorado's current statute in regards to prohibition on credit card surcharges, to debit cards.

According to the Tower Group, a research and advisory services firm, "In less than 15 years, debit card transactions in the United States grew from 1 percent of non-cash transactions to more than 50 percent." Debit cards have become increasingly important to consumers and Colorado policies must reflect this. In Colorado, debit cards should be treated in a similar manner to credit cards, where it is currently illegal to impose surcharge fees.

Since Colorado law currently prohibits merchants from charging user fees on credit cards, those without access to credit cards, primarily poorer Coloradans, would likely bear the brunt of proposed debit charge user fees. In addition, the state of Colorado pays unemployment benefits through debit cards and provides food stamps through Electronic Benefit Transfer cards. Both of those methods could be assessed charges if this bill fails to pass meaning that these fees would have a significantly disproportionate impact on lower income Coloradans who use those services. With new evidence indicating that Colorado has the fastest growing child poverty rate in the country, Coloradans clearly can't afford to have their benefits diluted any more.

We support SB 188 as common sense, pro-active, legislation designed to ensure strong consumer protections for those in Colorado and particularly those on fixed and low incomes. Our state already has strong consumer protection laws in place that shield credit card holders from hidden "check-out" fees. However, a loophole in the law leaves consumers who use debit cards vulnerable. SB 188 is important because it will ensure that consumers are not charged these extra service fees when using a debit card.

We recommend Colorado policymakers to commit to improving the quality of consumer information in the marketplace. Therefore we respectfully request your support of SB 188, which would create a more inclusive consumer protection statute, by prohibiting surcharge fees on debit card transactions.

With appreciation,