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Ronald S. Falzo Rockingham Shell PO Box 581 705 Rockingham Road Bellows Falls, VT 05101 sfalzo@verizon.net May 14, 2008 To Whom It May Concern: I am sending this letter to you to draw your attention to a huge problem for small business owners in not only Vermont but in the country. Credit Card business and the state of Vermont take advantage of small businesses. Doing business in Vermont has become more and more expensive every day. With Vermont's double taxation and credit card fees, many small businesses are suffering losses every year. With the new State Streamline Tax Vermont makes vendors charge 6% tax on coffee cups, lids and other food containers. Then when this product is used with coffee, hot foods, sandwiches, etc., the customer is charged a 9% rooms and meals tax. Now many customers know why the products are expensive- Vermont collects 15% tax on what you buy- the coffee, sandwiches, etc. You're being charged tax twice for the state of Vermont- on the edible item and on the container itself. Credit card fees are unfair as well. Every time someone uses a credit card for a purchase, the store is charged a swipe fee of 10-15 cents per transaction- plus an additional 2-3% on the total sale. If the card is

swiped once and is rejected and has to be swiped again, the credit card company charges the business owner again. A charge for each time the card is swiped whether a purchase is charged to the card or not. Is this fair? Let's say a customer purchases 212.89 gallons of diesel fuel at 308.9 per gallon for a total purchase of \$657.61. The store owner's margin for that day is 5 cents per gallon. Profit on the sale should be \$10.64- not a lot by any means. However, due to the large cost of fuel- with its taxes included- the customer decides to make the purchase on a credit card- with all the fees incurred on this sale with the credit card- the store owner ends up with a loss of \$9.08. This happens all day long in the petroleum retail business. Visa/ Master Card makes more on the sale than the store owner does. As the prices of gasoline and diesel increase, this will only get worse for the retail fuel business. In order to be competitive with other retailers margins range from 5 cents to 8 cents. Credit card companies are making .09-.13 per gallon on every gallon of gas or diesel sold but the store owner's margins are usually lost due to the fees. This has been going on for the past 2 years with rising fuel costs. With the ridiculous fees that the credit card companies are charging, small business owners are having trouble making ends meet. In fact, the National Association of Convenience Stores keeps data on the cost of credit card acceptance in the convenience and petroleum industry. According to their reports, in April 2007, the cost of card acceptance for the industry increased from \$5.4 billion in 2005 to \$6.6 billion in 2006. This is a 22% increase in fees for the industry in just one year. One can only wonder how much the increase for 2007 will be. According to the National Association of Convenience Stores, pre-tax profits for the industry was only \$4.8 billion. Yet the credit card industry has a profit of \$5.4 billion. What is going on here? Even with these huge fees, the credit card companies continue to charge the business owner's monthly fees of \$132.50 for use of equipment for them to process the transactions. Vermont and other state governments need to step up to the plate and help small businesses and even the customers who pay these hidden fees. Vermont prides itself on tourism but if something isn't done soon, the retailers are going to be going out of business. Then there won't be businesses for the tourists coming to Vermont. Profits inside stores will only go so far to cover the expenses of doing business and the taxes imposed on businesses. Banks, the transportation industry and energy companies are allowed to have surcharges to recover their expenses. Delivery fees range from \$3.00 - \$ 5.00 per stop and in some instances they collect more than they actually use in fuel. Green Mountain Power is able to go in front of the Public Service Board to call for an increase and collect extra money when their costs go up. The banking industry is also allowed to charge higher rates to make more money. Just a slight increase in their rates translates into millions of dollars

increased. Not too long ago our government had to bail some of the banks out because of questionable mortgage loans- the government bailed them out- Who is going to bail out the small business owners? Gas companies are making record profits also. Why doesn't our government make them absorb these fees, after all, businesses are selling their products. Better yet, why doesn't the government make credit card companies eat these fees? They are already making record profits from preying on the vulnerable people with all their credit card late fees, over limit fees and high interest rates. The states and our governments need to do something quick with the fees increasing at record profits and shrinking gas margins. There is no more disposable income. People are strapped- small business owners in Vermont are strapped to their limits. There will be more people losing their businesses and more foreigners moving in to buy these businesses with their low interest government loans- what is happening to this state and this country? Over the last 2 years fuel prices have sky rocketed to an all-time high. As a result of these prices, credit card and debit card usage is also at an all-time high which has resulted in higher credit card service fees. Presently my convenience store averages \$1400.00 a week in credit card fees alone- for customers to be able to use a credit card or debit card for payment. Who pays these fees? Not the credit card companies- not the users- no- it is the store owners who are paying these fees. The store owners are providing the service as a courtesy and they are losing money paying the fees. Currently, Vermont Congressman Peter Welch is working to change things. For more information you can log on to his web site <http://www.welch.house.gov/> You can also log on to the web site www.unfaircreditcardfees.com for more information on how the credit card businesses are taking advantage of people. I would like to encourage everyone who reads this to contact their congressmen, local representatives and governor's office and call attention to this. These outrageous fees impact all of us. Sincerely, R. Scott Falzo small business owner in Vermont