



NFIB Vermont  
802-992-0751  
NFIB.com/VT

April 3, 2025

Vermont Senate Finance Committee  
The Honorable Ann Cummings, Chair

**S.135 (Sen. Perchlik)**

Dear Chair Cummings and Committee Members,

The National Federation of Independent Business (NFIB) is a nonpartisan, nonprofit organization representing more than 700 small businesses in Vermont. The average NFIB member is a very small business, with ten employees and \$500,000 in annual sales.

NFIB Vermont appreciates the opportunity to express our support for S.135, which would provide small businesses with relief from costly credit card processing fees by exempting the portion of a charge attributable to sales tax or gratuity from the fee.

Small businesses in Vermont continue to grapple with financial headwinds, including the lingering effects of inflation, worker shortages, rising property taxes, and higher energy bills.

Swipe fees are a financial thorn in the side of many small businesses, who [often pay higher rates](#) than larger competitors due to lower processing volume. While the average processing fee is around 2.2%, it's common for smaller businesses to pay rates of 3.5% to 4% or more.<sup>1,2</sup>

S.135 would provide, by one estimate, more than \$15 million in collective relief to Vermont businesses from processing fees – an industry where Visa and Mastercard control more than 80% of transactions.<sup>3</sup> In a 2024 settlement over anti-competitive rate setting practices, Visa acknowledged its practices caused “true pain points small businesses have identified.”

Exempting sales tax and gratuity from the processing fee also makes sense because, in these instances, a small business is simply a pass through to the state or employees. Collecting and remitting funds that are not theirs to the appropriate recipient carries an administrative cost, which is compounded by the processing fee when a customer pays with a credit card.<sup>4</sup>

Thank you for considering our members' perspective.

Sincerely,

A handwritten signature in black ink, appearing to read 'John L. Reynolds', is written above the printed name.

John L. Reynolds  
NFIB Vermont State Director  
[John.Reynolds@NFIB.org](mailto:John.Reynolds@NFIB.org)

---

<sup>1</sup> “The fees war between retailers and credit card companies is heating up,” Marketplace.org, 2/26/2024.

<sup>2</sup> “When it's all said and done, the average cost of processing payments for U.S. businesses is between 2.87%-4.35% per transaction.” “Credit Card Processing Fees and Rates Explained,” The Bottom Line, 8/14/2024.

<sup>3</sup> “How Much Interchange was Paid on Sales Tax in the U.S.?” CMISP.com, 10/16/2024.

<sup>4</sup> More than half of states provide some form of sales tax vendor collection allowance to offset the administrative cost of collecting sales tax. Vermont does not have a vendor collection allowance. “Vendor discounts for filing sales tax on time, a state-by-state guide,” Avalara.com, 12/30/2024.