



## **NATSO Encourages Support of H.R. 5546 – the Credit Card Fair Fee Act**

The National Association of Truck Stop Operators (NATSO), would like to express strong support for H.R. 5546, the Credit Card Fair Fee Act, sponsored by Representatives John Conyers and Chris Cannon. NATSO represents over 1,000 travel plazas and truckstops nationwide, owned by more than 250 corporate entities. Truckstops and travel plazas sell approximately 75 percent of all diesel fuel in the United States, contributing \$31 billion in federal state, and local tax revenue.

For truckstop operators, high fuel prices and thin margins are placing a great deal of economic pressure on our industry. According to Oil Price Information Service (OPIS), the current average margin on diesel fuel is 8.8 cents per gallon nationwide<sup>1</sup>, compared to 18 cents per gallon one year ago. In 32 states, OPIS data reveals that average margins are less than 10 cents per gallon. Combined with overall depressed retail margins due to the slowing economy, there is no question that if high fuel prices continue to escalate, many independent truckstop operators cannot survive, which will lead to a much less competitive market for diesel fuel.

This pressure is further compounded by increasing interchange fees charged to our members by credit card issuers such as Visa and MasterCard. Visa and MasterCard charge retailers a percentage-based interchange fee, averaging approximately two percent of the amount of the transaction, with other costs associated with accepting the cards averaging from 0.5 percent to 1 percent of the transaction for a total cost of 2.5 to 3 percent. Because the fees are percentage based, surging fuel prices have been a windfall for credit card companies. At an average retail diesel price of \$4.16 per gallon (May 6, 2008, OPIS), the cost to the truckstop operator of accepting credit card payments ranges from 10 cents to 12.5 cents per gallon, much higher than the average operating margins for each gallon of fuel sold. For every gallon of fuel sold, credit card companies and the banks that issue them are receiving far more in profit than the retailer, who in many cases is actually losing money in the transaction.

Furthermore, the major credit card and fleet card companies do not negotiate with merchants in setting these fees. It's a "take it or leave it" proposition, and unfortunately the retail fuel industry's business model evolved based on the acceptance of credit and fleet fuel cards. A small, independent truckstop simply cannot refuse to accept a Visa or MasterCard purchase, and differing state laws make it difficult to offer discounts for cash purchases. With over 80 percent of the credit card market held by Visa and MasterCard, NATSO members have little bargaining power in negotiating reasonable interchange fees.

Congress must allow retailers to have negotiating power with Visa and MasterCard. H.R. 5546, "The Credit Card Fair Fee Act," by Representatives John Conyers and Chris Cannon, will provide retailers with a forum in which they can negotiate with Visa and MasterCard to set a reasonable interchange rate. NATSO encourages Congress to support this legislation, which will help restore balance in the marketplace between credit card companies and retailers.

Thank you for your attention to this important issue.

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<sup>1</sup> Oil Price Information Service data, May 6, 2008