



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
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May 26, 2026

The Honorable Joanna E. McClinton
Speaker of the House
Pennsylvania House of Representatives

The Honorable Matt Bradford
Majority Leader
Pennsylvania House of Representatives

The Honorable Jesse Topper
Republican Leader
Pennsylvania House of Representatives

The Honorable Joe Pittman
Majority Floor Leader
Pennsylvania Senate

The Honorable Jay Costa
Minority Floor Leader
Pennsylvania Senate

Re: Opposition to HB 2090 and SB 1202

Dear Speaker McClinton, Leader Topper, Leader Pittman, and Leader Costa:

On behalf of the Defense Credit Union Council, I respectfully urge you not to advance **HB 2090** or **SB 1202** as drafted. DCUC represents more than **200 credit unions**, with more than **40 million memberships** and more than **\$525 billion in assets**, and our member institutions serve active-duty servicemembers, veterans, military families, survivors, caregivers, and Department of Defense civilians across the country, including in Pennsylvania. These bills are often described as narrow fee-relief measures, but their actual effect is broader: they would impose Pennsylvania-specific operating rules on a national payments system.

The Pennsylvania text would prohibit interchange on the tax portion of debit and credit card transactions, prohibit fee changes designed to circumvent that rule, restrict certain fees on disputed transactions until liability is resolved, require tax exclusion at settlement or a later rebate, compel acceptance of post-sale tax documentation, authorize Attorney General enforcement, impose civil penalties and refunds, and take effect in **60 days**. That is not simply a pricing adjustment. It is an operational mandate on the payment rails, requiring changes to settlement, documentation, dispute handling, fee schedules, and merchant-credit workflows.

For military- and defense-serving credit unions, the harm is concrete. Regulation II itself recognizes that smaller issuers have different economics by exempting institutions under **\$10 billion** in assets from the debit interchange fee standards, even while subjecting them to routing rules. In **2023**, the average interchange fee for **exempt** debit transactions was **\$0.52**, compared with **\$0.24** or **\$0.22** for covered single-message and dual-message transactions.

Serving Those Who Serve Our Country

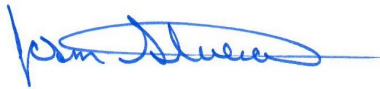
On a fully taxable Pennsylvania sale, excluding tax from an ad valorem interchange base removes roughly **5.66%** of the fee base statewide, **6.54%** in Allegheny County, and **7.41%** in Philadelphia; at an illustrative **2.0%** variable fee, that is roughly **\$0.12**, **\$0.14**, and **\$0.16** per **\$100 pre-tax** purchase, before any fixed-fee component. Because credit unions are not-for-profit institutions, pressure on card-program revenue and new compliance expense tends to surface quickly in member pricing, rewards, fraud tools, dispute handling, and credit availability rather than being absorbed by outside shareholders.

That matters because financial readiness is inseparable from military readiness. Military OneSource states that financial readiness is a critical component of military readiness. The **2024 Active-Duty Spouse Survey** found that only **60%** of spouses described their financial situation as comfortable, **49%** favored staying on active duty, and **32%** favored leaving; among spouses who were **not financially comfortable**, **42%** favored leaving. Policies that reduce the resources and flexibility of the institutions serving military households risk increasing strain on exactly the families Pennsylvania should be trying to support.

While we have heard the argument that merchants should not pay interchange on taxes they collect for the Commonwealth, the evidence does not show that interchange regulation reliably results in lower consumer prices. In fact the Richmond Fed found that after federal debit interchange regulation, **75%** of merchants reported **no price change**, **23%** reported **price increases**, and only **2%** reported **price decreases**. The Kansas City Fed later concluded that exempt debit interchange fees did **not decrease broadly for small merchants** after Regulation II. And the legal uncertainty is no longer theoretical: in April 2026, the OCC concluded that federal law preempts Illinois' analogous law for national banks and federal savings associations, warning of a "complex and potentially unworkable standard," with estimated avoided costs of more than **\$232 million** in systems changes, **\$145 million annually** in manual documentation processing, and roughly **\$200 million** in lost issuer revenue. DCUC has separately asked NCUA to clarify the same issues for federal credit unions.

Accordingly, DCUC's preferred posture is straightforward: **do not advance HB 2090 or SB 1202 as drafted**. We would welcome the opportunity to meet with you and your staff to discuss workable alternatives that protect consumers without undermining the institutions that serve those who serve our country.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the Pennsylvania State Senate and Members of the Pennsylvania State House