



Senate Committee on Financial Institutions and Insurance

Testimony in Support of Senate Bill 104

Presented by Chad Morrissey, Chief Operating Officer of Tech Incorporated

Thursday, February 9, 2023

Mister Chairman and the members of the committee, my name is Chad Morrissey, Chief Operating Officer for a small business out of Lenexa, Kansas called Tech Inc. For over 60 years we have been a top Distributor of the high-quality tire repair materials, supplies and equipment. Our customers are Tire Dealers, Fleets, Retreaders that make up the Automotive Service Industry. Along with our Lenexa location we also have a location in Nebraska and two in California.

I certainly speak for everyone at Tech when I say how we appreciate this opportunity to give our testimony and hopefully shed some light on how the passing of Bill 104 will positively impact our small business.

First, let's look at some numbers. Back in 2018 we processed a little over 1200 credit card transactions for a total of \$875,000. We were charged 3.1% in total credit card fees. Which ended up being around \$27,000 in total fees that year.

Fast Forward to 2022, our transactions have more than doubled to 2560 and our Credit Card transaction have surpassed \$1,922,000. In 2022 our Kansas location spent over \$81,000 dollars in Credit Card fees alone. Also, please note that our rate has jumped 1% to 4.24% since the year before. As we would love to be able to say that our sales have more than doubled over the last five years, that just isn't the case.

Q. Why the considerable increase in credit card transactions?

As we shift to a more digital age, the credit card industry is playing a much larger role each and every day. Industry data shows that 80% of consumers prefer credit or debit cards over cash or check payments.

Convenience is another factor. Our customers are finding out that quickly paying with a credit card is a much faster way than the alternative of writing out a check and mailing it. The Post Office takes on average a week to deliver the checks.

Another main reason is the Credit Card Rewards Program. Small businesses are jumping at the opportunity to get cash back on each purchase along with points to use to help with travel and other travel expenses.

Combining these reasons all together has helped our consumer out tremendously but as for the small business it has led us to take on those extra fees.

Q. What can we do to combat these added costs?

Currently we really don't have many options. With Covid, Inflation and our Supply chain issues we really don't have much of choice other than to absorb as much of it as possible. Like many other industries, there is a lot of competition in our market and we must do whatever we can to keep our prices as competitive as possible.

Q. What would being able to charge a fee to the customer do for our business?

Take 2022 for example if we were able to charge the customer a surcharge of 5% we would have around an extra \$100,000 dollars available.

There are many things we could do with those extra funds.

We could use it on hiring more help in customer service or in the warehouse or give out much needed raises to our valued employees who have being directly affect by Inflation.

In closing, dating back to the 1800's Kansas has had a great reputation for being known as the "Free State". In 2022 World Population Review ranked Kansas as the 10th freest state in the country. Giving back some freedom to the small business in this case would certainly help us continue that great Kansas legacy.

Thank you very much for your time and consideration in support of Senate Bill 104.