

May 27, 2026

Jonathan V. Gould
Comptroller of the Currency
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Re: Interim Final Rule: RIN 1557-AF54; Docket ID OCC-2026-0430¹
Interim Final Order: RIN 1557-ZA10, Docket ID OCC-2026-0431²

Dear Comptroller Gould,

The Southwest Public Policy Institute (SPPI) appreciates the opportunity to comment on the Office of the Comptroller of the Currency's (OCC) Interim Final Rule and Order regarding the preemption of the Illinois Interchange Fee Prohibition Act (IFPA). SPPI is a nonprofit think tank dedicated to advancing better living through better policy. We strongly support the OCC's move to protect the integrity of the national banking and payment systems from fragmented state mandates that threaten the financial stability and rewards programs relied upon by millions of Americans.³

The national banking system was established to facilitate a uniform, nationwide economy. The IFPA represents an existential threat to this smooth operation by requiring banks to separate sales taxes and gratuities from every transaction.⁴ This state-level interference is not only operationally burdensome but constitutes a direct affront to the Supremacy and Commerce Clauses of the U.S. Constitution. Allowing the IFPA to stand would encourage a patchwork of conflicting state regulations.⁵ This would turn a single national payment network into fifty distinct political experiments, with each state potentially inventing its own formulas for what is or is not subject to interchange fees.⁶ Under the Supreme Court's *Barnett Bank* standard, states are prohibited from significantly interfering with the federally authorized powers of national banks.⁷ The IFPA directly violates this by obstructing the ability of banks to engage in payment processing and charge for those services.⁸

¹ <https://www.occ.gov/news-issuances/news-releases/2026/nr-occ-2026-32a.pdf>

² <https://www.regulations.gov/document/OCC-2026-0431-0001>

³ <https://dcjournal.com/to-interchange-or-not-to-interchange/>

⁴ <https://www.foxbusiness.com/economy/credit-card-rewards-are-about-vanish-guess-whos-blame>

⁵ <https://www.americanbanker.com/opinion/death-by-a-thousand-caps-state-laws-could-kill-credit-card-rewards>

⁶ <https://southwestpolicy.com/the-washington-times-the-dangers-of-credit-card-populism/>

⁷ https://www.supremecourt.gov/opinions/23pdf/22-529_1b7d.pdf

⁸ <https://www.washingtontimes.com/news/2026/feb/10/dangers-credit-card-populism/>

Modern payment infrastructure is built for speed and security, processing transactions as a single amount during authorization and settlement. Current terminals do not process taxes or tips as separate subcomponents. Forcing a redesign of this national system for a single state is a poison pill that threatens the viability of the entire interchange system. In Illinois, excise taxes on gasoline are combined with the total transaction amount. The inability to separate these in real-time could force banks to decline transactions entirely to avoid the law's \$1,000 fine per noncompliant transaction. The cost of compliance is so high that some credit unions have indicated they may stop offering payment cards in Illinois altogether.

Interchange fees are the financial engine for household budgeting, with roughly 86% of interchange revenue allocated directly to funding the rewards programs that consumers use to offset inflation.⁹ The modern airline industry relies heavily on co-branded credit cards to stabilize its business model.¹⁰ Delta Airlines received \$8.2 billion from American Express in 2025, accounting for 14% of its adjusted operating revenue. American Airlines reported partner payments nearly four times its adjusted operating income, and Alaska Airlines reported loyalty revenue accounting for 16% of total revenue.

Stripping interchange fees through the IFPA's restrictive mandates would dismantle the very loyalty programs that keep these carriers airborne. Because 86% of interchange revenue is allocated directly to funding these rewards, the IFPA's prohibition of fees on sales tax and tips functions as a direct cut to consumer benefits. This reduction in revenue makes miles, points, and travel benefits significantly harder to sustain, directly impacting the ability of middle-class travelers and inflation-weary households to afford vacations or visit family. Capping these fees will not result in lower prices for shoppers. History shows that when the 2010 Durbin Amendment capped debit interchange, rewards largely disappeared and monthly banking fees rose, yet the vast majority of savings were never passed on to consumers.

As part of our commitment to sound financial policy, SPPI is proud to stand alongside a broad coalition of national advocacy organizations, led by the Competitive Enterprise Institute (CEI), in formal support of the OCC's moves to preempt the IFPA.¹¹ By signing this coalition letter, SPPI joins more than twenty other organizations in asserting that the IFPA represents an existential threat to the smooth operation of the national banking system. We believe the OCC's intervention is a necessary defense of the Supremacy Clause and the Commerce Clause, as a fragmented, 50-state patchwork of regulations would be a technical nightmare for payment processing.

The Illinois IFPA is an unworkable mandate that threatens the \$9 trillion in annual transactions powering the American economy. By preempting this law, the OCC is protecting \$35 billion in annual consumer

⁹ <https://www.pymnts.com/news/loyalty-and-rewards-news/2025/fed-data-shows-economics-of-interchange-86-percent-of-fees-fund-rewards-programs/>

¹⁰ <https://www.reuters.com/sustainability/boards-policy-regulation/credit-card-cash-reshapes-us-airline-loyalty-profit-2026-03-13/>

¹¹ https://cei.org/coalition_letters/cei-leads-coalition-letter-supporting-preemption-of-the-misguided-illinois-interchange-fee-prohibition-act/

rewards value and ensuring the continued stability of the national financial infrastructure. SPPI commends the OCC for its robust defense of national banking standards and urges the finalization of these rules to prevent a state-mandated reward recession.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick M. Brenner", with a long horizontal flourish extending to the right.

Patrick M. Brenner
President, Southwest Public Policy Institute