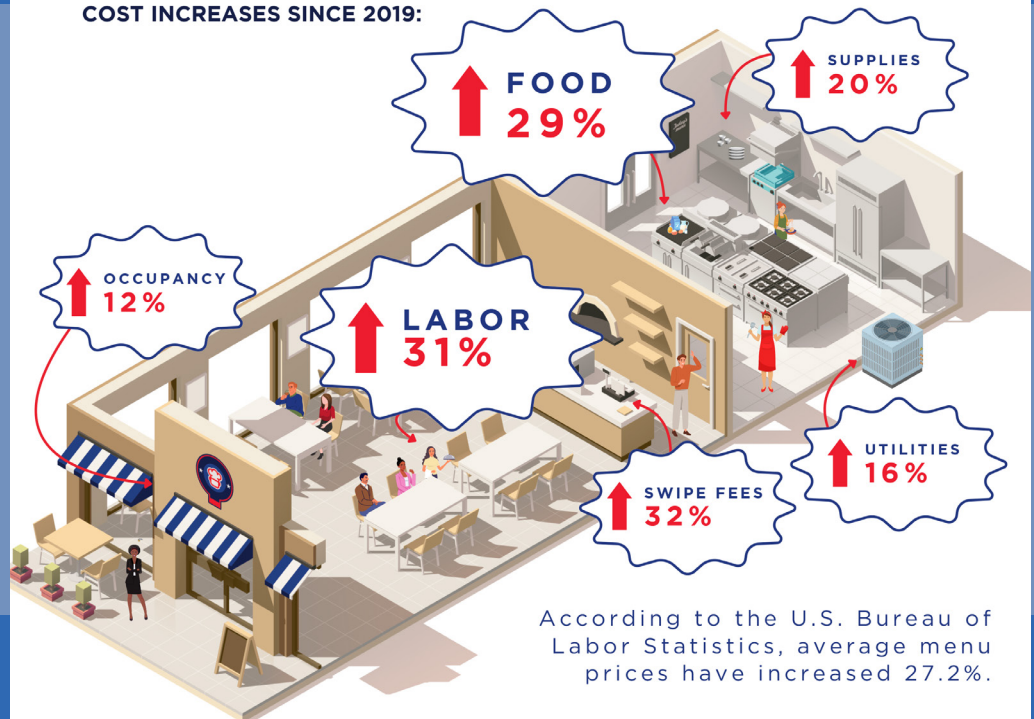


The Story Menu Prices Don't Tell: The Unseen Rising Costs Iowa Restaurants Face

Restaurant costs are rising across the board—food, labor, and utilities have all gone up. But one cost is increasing even faster: swipe fees. For most restaurants, these credit card processing fees are now the third highest expense after food and labor, and their percentage increase has outpaced both. Unlike food or wages, swipe fees provide no direct benefit to restaurants, yet they take a growing share of every sale.

COST INCREASES SINCE 2019:



Average price increase needed to cover higher input costs & maintain margin: 26.2%

Swipe Fee Reform: A Legislative Fix to Reduce Costs for Restaurants

Much of what the restaurant industry faces cannot be solved through legislation—but swipe fee reform can.

The Iowa Restaurant Association has joined a coalition of retailers advocating for relief from credit card fees charged on sales tax. The proposed legislation is modeled after a pro-business law passed in Illinois last year.

Impact on Iowa Restaurants:

- ✓ Iowa restaurants will pay an estimated **\$168 million in swipe fees this year.**
- ✓ **\$11.75 million** of those fees will be charged on sales tax alone.
- ✓ If swipe fees on sales tax are eliminated, the average restaurant could save **\$1,830 per year.**

Policy Watch: Issues That Could Impact Iowa Restaurants

The Iowa Restaurant Association is keeping an eye on potential policy discussions that may affect the industry:

- **THC Legislation & Liability**
Ensuring restaurants have a voice in any proposed laws, particularly regarding liability concerns.
- **Alcohol Distribution Rules**
Monitoring any changes that could affect how restaurants and bars receive and serve alcohol.
- **Taxation of Tips**
Following discussions on tip taxation and its potential impact on employees and businesses.
- **State-Level Immigration Enforcement**
Watching for unintended consequences that could impact young workers or those legally authorized to work.





Thank You! Your support of Iowa's restaurant industry has made a real difference. In 2024 the Iowa Legislature supported our industry with legislation that:

- Expanded alcohol training courses that provide affirmative defense protections
- Extended the same conditional driving privileges to 14 ½ and 15-year-old students who work as those who participate in school activities.
- Created rules of engagement for music licensing companies entering Iowa businesses.
- Provided new privileges for restaurants purchasing highly allocated wines from private collections through auctions.

The Iowa Restaurant Association works across many state agencies to provide education, training and support for Iowa's tourism and hospitality industries.

- Currently working with the Governor's Traffic Safety Bureau to Provide In-person Responsible Alcohol Service Training Across the State
- Teaching Spanish-language food and alcohol safety classes with support from an Iowa Workforce Development grant.
- Partnering with the Iowa Tourism Office and Choose Iowa to showcase farm-to-table dining on Iowa farms and promote farmers markets and farm retail stores as key reasons to visit, leveraging research on tourist expectations.
- Currently serving as the administrator for the Iowa Tourism Office's Meet in Iowa Program which has provided meeting incentives to groups from across the country to Meet in Iowa
- Actively promoting the IBAT program with restaurants and bars to work to prevent human trafficking in Iowa
- Completed a Grant from Future Ready Iowa to ServSafe certify more than 300 certified food protection managers – helping accelerate the fulfillment of the program's goal of 70% of Iowans having a certification post-high school
- Completed a grant from Future Ready Iowa to provide a Career Tech Ed culinary arts and restaurant management program for high schools – 28 high schools, 1,500 students
- Completed a Central Iowa Works grant providing onsite training for re-entry population in Newton, Mitchellville, and at United Way for re-entry groups from the Beacon and Fort Des Moines
- Completed Main Street Iowa grant to offer consulting services to rural downtowns related to restaurant operations

