

November 14, 2023

Chairman Hoagland and Members of the Ohio Veterans and Public Safety Committee,

I write on behalf of the members of The NSSF – The Firearm Industry Trade Association in support of Senate Bill 148, The Ohio Second Amendment Financial Privacy Act. NSSF represents over 10,000 member companies in the firearm industry across the United States. According to most recent data, our industry employs over 15,500 Ohioans and in 2022, it had an impact of over \$2.5 billion in the state.

Writing in a 2018 article published in *The New York Times* titled “How Banks Could Control Gun Sales if Washington Won’t,” columnist Andrew Ross Sorkin put forth an “idea.” He asked, “What if the finance industry — credit card companies like Visa, Mastercard and American Express; credit card processors like First Data; and banks like JPMorgan Chase and Wells Fargo — were to effectively set new rules for the sales of guns in America?” Some anti-Second Amendment activists, elected officials, and institutions decided to run with that proposal. One idea that came out of this column was that purchases from firearm retailers could be tracked and monitored by using specific credit card transaction codes.

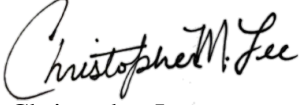
Four years later, in 2022, the International Organization for Standardization (ISO), a nonprofit based in Geneva, Switzerland, announced the creation of a new Merchant Category Code (MCC) for transactions involving firearms and ammunition. Transactions at firearm retailers have historically been coded as sporting goods, specialty retail, durable goods, and general merchandise. This new code would specifically indicate that a person is making a purchase from a firearm retail shop. It is important to note that these codes would apply to any purchase at a firearm retailer, whether it be firearms, ammunition, boots, clothing, bags, camping supplies, a tent or any other non-firearm-purchase. Notably, Bloomberg News – which has reported extensively on the proposal – wrote, “The payment network and its banking partners would have no idea if a gun-store customer is purchasing...a rifle or safety equipment.” Additionally, Visa’s CEO Al Kelly has admitted the new code proposal won’t be as effective in flagging purchases as antigun activists have claimed, saying, “If [Visa’s Chief Communications Officer] K.C. Kavanaugh goes into a gun store and buys three thermoses and a tent, and you go in and buy a rifle and five rounds of ammunition, all I know is you both went to the same gun store... But I don’t know what you bought.”

There are, obviously, numerous privacy concerns surrounding the creation and implementation of MCCs to track purchases at firearm retailers. People often spend thousands of dollars at firearm retailers in preparation for hunting season, recreational shooting sports, or simply to exercise Second Amendment rights – as is guaranteed by the U.S. Constitution. If a firearm-specific MCC were to be put into place, any large purchase could be flagged as “suspicious” by the U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCen) and transactions could be denied. Lawful transactions made by law-abiding gun owners could be reported to law enforcement. Gun owner watchlists could be created and shared with the Federal Government, which is especially troubling as the Federal Government, as you are likely aware, is prohibited from keeping a list of gun owners.

In 2022, more than 562,000 law-abiding Ohioans purchased a firearm, according to NSSF industry-adjusted National Instant Criminal Background Check System (NICS) verifications run by the FBI. In 2023, through October, nearly 416,500 have done so, including thousands of first-

time gun buyers. The attempt to code credit card purchases at firearm retailers is an assault on the privacy and Second Amendment rights of every single gun owner in the state. The major credit card companies in the U.S. have rightly “paused” implementing a firearm retailer-specific MCC. To make certain this pause remains in place permanently, seven states have passed laws since March 2023 to ban the use of MCCs to track firearm retail purchases. This type of privacy legislation is also gaining momentum in Congress. Ohio can join that growing list by passing Senate Bill 148 this session.

Respectfully,

A handwritten signature in black ink that reads "Christopher M. Lee". The signature is written in a cursive style with a large initial "C".

Christopher Lee

Director, Government Relations – State Affairs

NSSF – The Firearm Industry Trade Association