

TO: The Honorable Members of the PA House of Representatives

FROM: Allie Kutz, Manager, Government Affairs

DATE: June 30, 2025

RE: **PA Chamber memo: Oppose H.B. 1553 – Government Overreach, Price-Fixing Regulations for Financial Institutions**

I write today on behalf of the PA Chamber to urge lawmakers to oppose House Bill 1553, which we understand may be considered on the floor today. This legislation would enact a price-fixing regime and impose unprecedented regulatory burdens on Pennsylvania's financial institutions. This proposal represents dangerous government overreach that will ultimately harm, not help, the very consumers the legislation aims to protect.

House Bill 1553 would impose unfounded price-fixing regulations on the operations of financial institutions across the Commonwealth. The bill mandates a statutory cap on overdraft and nonsufficient fund (NSF) fees imposed by banks and credit unions. This blatantly disregards the actual costs financial institutions incur in processing transactions, maintaining compliance systems, managing risk, and providing 24/7 access to funds. Imposing arbitrary price ceilings without consideration of operational realities is not only misguided, it's dangerous.

In practice, this could force financial institutions to limit overdraft protection, raise account maintenance fees, and scale back services like free checking, disproportionately harming low-income households. Overdraft programs are optional and heavily regulated under existing federal law, requiring consumer opt-in and clear disclosures. The current system allows both personal and business banking consumers to make informed choices and incentivizes fair pricing and good communication through competition. House Bill 1553 undermines this healthy market dynamic by inserting government control into areas best left to market forces. Consumers who wish to avoid overdraft fees can simply decline to opt-in. Many financial institutions already offer low- or no-fee account options, offered voluntarily in response to consumer demand.

This proposed level of micromanagement by statute is antithetical to the principles of a free-market economy, eroding the ability of private businesses to set prices, compete effectively, and make operational decisions based on risk and market conditions. Rather than empowering customers, HB 1553 would remove choice and flexibility, and risks homogenizing financial services, limiting consumer options and inadvertently increasing unbanked or underbanked populations, contrary to the bill's stated purpose. Consumers consistently express support for overdraft protection and oppose its elimination through legislative action.

To date, no other state in the nation has enacted such an aggressive, statutory price cap on overdraft or NSF fees. While federal regulators such as the Consumer Financial Protection Bureau (CFPB) have considered rulemakings around overdraft practices, they have not gone so far as to implement direct price controls through statute. In fact, Congress recently overturned a regulation targeting such programs, affirming their continued importance to consumers. HB 1553 would make Pennsylvania an extreme outlier among the 50 states, setting a precedent that could discourage financial investment and participation in our state.

Federal preemption also complicates this legislation, as HB 1553 would violate the National Bank Act, Federal Credit Union Act, and the Commerce Clause of the U.S. Constitution. It could only apply to Pennsylvania-chartered banks and credit unions, placing them and their customers at a competitive disadvantage to federally regulated institutions. Pennsylvania-chartered institutions would be incentivized to convert to a federal charter.

Thank you for your thoughtful consideration of our views on this important matter. For any questions or further discussion, please contact Allie Kutz, Manager of Government Affairs, at akutz@pachamber.org or 717-439-4829.

[Click here](#) to check the PA Chamber Legislative Scorecard.

417 Walnut Street, Harrisburg, PA 17101