



# ROB STAFSHOLT

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**DATE:** December 19, 2023  
**RE:** Testimony on Senate Bill 466  
**TO:** Members of the Committee on Financial Institutions & Sporting Heritage  
**FROM:** Senator Rob Stafsholt

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Thank you fellow members of the Senate Committee on Financial Institutions and Sporting Heritage for hearing Senate Bill 466 relating to prohibiting firearms merchant category codes in payment card transactions, prohibiting government lists of firearm owners, and providing a penalty.

The International Organization for Standardization (ISO) sets the international standard for systems that exchange electronic transactions initiated by people using credit cards. In 2022, the ISO announced the creation of a new Merchant Category Code (MCC) for transactions involving firearms and ammunition. Historically, transactions at firearm retailers have 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, whether that purchase be a firearm, or non-firearm related items such as clothing or camping gear.

There are a multitude of privacy concerns surrounding the use of these MCCs to track purchases from firearm retailers. 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. Transactions made by law-abiding gun owners could be reported to law enforcement. Gun owner watch lists could be created and shared with the Federal Government, which as of now is prohibited from keeping a list of gun owners.

This bill is necessary to protect the privacy and second amendment rights of every Wisconsin citizen. I thank you again for allowing me to testify on Senate Bill 466. I would appreciate your support on this piece of legislation and would be happy to answer any questions.

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# Ty BODDEN

STATE REPRESENTATIVE • 59<sup>TH</sup> ASSEMBLY DISTRICT

## Testimony on Senate Bill 466

Senate Committee on Financial Institutions and Sport Heritage

Tuesday, December 18, 2023

Thank you members of the Financial Institutions and Sporting Heritage Committee for the opportunity to testify in favor of Senate Bill 466. Thank you Senator Stafsholt for leading on this legislation with me.

This legislation would prohibit a financial institution, as part of a payment card transaction, from requiring the use of a merchant category code that identifies the merchant as a firearms retailer. Merchant Category Codes (MCCs) are four-digit numbers that a credit card issuer uses to categorize the transactions consumers complete using a particular card. Payment brands use merchant category codes to classify merchants and businesses by the type of goods or services provided in order to track and restrict transactions.

The attempt to implement credit card purchase tracking at firearm retailers poses a significant threat to the privacy and Second Amendment rights of gun owners across our state. Recognizing the gravity of this issue, major credit card companies in the United States have wisely chosen to "pause" the implementation of firearm retailer-specific MCCs. To ensure that this pause remains in effect permanently, six states have passed legislation since March 2023, explicitly prohibiting the use of MCCs to track firearm retail purchases. Additional states are currently in the process of introducing similar legislation. This type of privacy protection is also gaining momentum within the halls of Congress.

The potential establishment of a firearm-specific MCC could have severe consequences, including flagging ordinary large purchases as "suspicious" by the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCen), possibly leading to transaction denials. Moreover, it could result in lawful transactions made by law-abiding gun owners being reported to law enforcement agencies. This bill further requires DOJ to ensure that such records are not stored, maintained, or formatted into a list that identifies persons who have purchased a firearm. The bill further reinforces existing federal law by prohibiting governmental entities from intentionally generating, retaining, or managing lists of individuals who own firearms, thereby codifying this prohibition into state law.

Passing this legislation will ensure that Wisconsinites private transactions are not tracked and their data is not collected. This will further protect the second amendment rights of our citizens.

Again, thank you for your time and consideration of this bill.



**CHRISTOPHER LEE**

Director, Government Relations - State Affairs

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December 19, 2023

Chairman Stafsholt, Vice-Chair Felzkowski and Members of the Wisconsin Senate Committee on Financial Institutions and Sporting Heritage:

I write on behalf of the respective members of The NSSF – The Firearm Industry Trade Association in support of the Senate Bill 466, The Wisconsin Second Amendment 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 8,000 Wisconsinites and in 2022, it had an impact of over \$1.7 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. Kavanagh 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 419,000 law-abiding Wisconsinites purchased a firearm, according to NSSF industry-adjusted National Instant Criminal Background Check System (NICS) verifications run by the FBI. In 2023, through September, nearly 272,000 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. Wisconsin can join that growing list by passing Senate Bill 466 this session.

Respectfully,

A handwritten signature in black ink that reads "Christopher M. Lee". The signature is written in a cursive, flowing style.

Christopher Lee

Director, Government Relations - State Affairs

NSSF – The Firearm Industry Trade Association