

June 16, 2010

Dear Speaker Pelosi, Minority Leader Boehner, Majority Leader Reid, and Minority Leader McConnell:

As leaders of groups representing millions of Americans that comprise a Center-Right Coalition, we oppose price controls in any sector of the economy. We also abhor corporate welfare - whether through direct taxpayer subsidies or through regulations that allow some businesses to push their costs onto other businesses and consumers. We, the undersigned organizations, on behalf of millions of American taxpayers, consumers and business owners believe it is not the role or responsibility of the government to intervene in what should be a private contractual relationship between retailers and payment card issuers. Therefore, we urge you to remove Sen. Durbin's "interchange fee" amendment contained in the Senate-passed "Restoring American Financial Stability Act" during negotiation on the final bill.

Sen. Durbin's amendment would order the Federal Reserve to set "reasonable and proportionate" interchange fees for debit card processing fees that merchants pay to issuing banks - and would allow merchants to break provisions of their credit card contracts with banks and set unlimited "minimums" and "maximums" of what consumers can spend with their cards.

Although supporters of this measure cast it as benefiting small businesses and consumers, some of the biggest support from this bill comes from Fortune 500 retailers. And overwhelming global evidence shows that consumers will lose out, as retailer costs to process debit and credit cards will be shifted to the wallet of the average American cardholder. In studying the impact of interchange fee caps in Australia, Congress' Government Accountability Office found that card issuers there "reduced rewards and raised annual fees" for Aussie card holders. Worse, it appears that none of the \$1 billion in savings that merchants received as a result of lower fees were passed on to consumers in the form of lower prices, the GAO noted. And capping debit card fees that retailers pay could be the end of "no-fee" checking accounts for consumers.

We are also concerned about the impact of these price controls on America's community banks and credit unions. America is unique in that a small bank or credit union from a small state can issue a credit card that can be used anywhere in the world. The Credit Union National Association and the Independent Community Bankers of Association are correct to note that government controls of the market rates of credit and debit card networks will adversely affect all financial institutions that issue these cards, regardless of whether the final bill contains exemptions on paper for the size of institutions.

We understand that retailers - big and small - face difficulties due to bad economic times and big-government mandates. Many of our organizations also support changes to keep retailers from being treated like banks by the new bureaucratic consumer agency the House and Senate financial bills create. But neither banks, retailers, nor other types of businesses should be able to call on Big Government to put price controls on the goods and services they freely purchase in a

market economy and to disadvantage other firms and consumers. Therefore, the Durbin amendment should not be in the final House-Senate bill.

Members of the coalition are happy to discuss these issues further with you and/or your staffs.

Sincerely,

Grover Norquist, President, **Americans for Tax Reform**

Chris Chocola, President, **Club for Growth**

John Berlau, Director, Center for Investors and Entrepreneurs, **Competitive Enterprise Institute**

Phyllis Schlafly, President and Founder, **Eagle Forum**

Myron Ebell, President, **Freedom Action**

Richard W. Rahn, Chairman, **Institute for Global Economic Growth**

Colin Hanna, President, **Let Freedom Ring**

Richard W. C. Falknor, chairman, **Maryland Center-Right Coalition**

Lewis Uhler, President, **National Tax Limitation Committee**

Pete Sepp, Executive Vice President, **National Taxpayers Union**

Jim Martin, Chairman, **60 Plus Association**

Karen Kerrigan, President & CEO, **Small Business & Entrepreneurship Council**

Lisa Miller, Organizer, **Tea Party WDC**

C. Preston Noell III, President, **Tradition, Family, Property Inc.**

Laura Lee Adams, Chairman, **Utah Center/Right Coalition**

Cc:

Members of the United States House of Representatives

Members of the United State Senate