



**RETAIL INDUSTRY LEADERS ASSOCIATION**

Retail's Future... Educate, Innovate, Advocate

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May 8, 2008

Dear Members of the U.S. House of Representatives:

I write to urge your support of the important Credit Card Fair Fee Act (H.R. 5546). This bi-partisan legislation introduced by Judiciary Committee Chairman John Conyers (D-MI) and Congressman Chris Cannon (R-UT) would ensure that American merchants have a say in the determination of credit card interchange fees which currently amount to a hidden tax on both merchants and consumers.

The Retail Industry Leaders Association (RILA) promotes consumer choice and economic freedom through public policy and industry operational excellence. Its members include the largest and fastest growing companies in the retail industry -- retailers, product manufacturers and service suppliers -- which together account for more than \$1.5 trillion in annual sales. RILA members provide millions of jobs and operate more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

Interchange fees are the only cost of doing business that retailers cannot currently negotiate. Unlike cash or check payments, merchants do not receive the full value of payment transactions that customers make with credit and debit cards because the card issuing bank subtracts a "merchant discount" for the privilege of accepting electronic payments. Despite increasing issuing bank profits, merchants have no say in how the cards' rates and terms are set. The Credit Card Fair Fee Act is necessary to give merchants a seat at the table in the determination of credit card fees and terms. It is not an attempt at regulating the industry. This legislation simply enhances competition by allowing merchants to negotiate with the dominant banks for the terms and rates of the fees.

Should you have additional questions or concerns, please don't hesitate to me at [katherine.lugar@rila.org](mailto:katherine.lugar@rila.org).

Sincerely,

Katherine G. Lugar  
Senior Vice President, Government Affairs