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SENATE JOINT MEMORIAL 8020

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State of Washington                      60th Legislature                      2007 Regular Session

By Senators Jacobsen and Spanel

Read first time 03/09/2007.      Referred to Committee on Financial Institutions & Insurance.

1            TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF  
2 REPRESENTATIVES, AND TO THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
3 UNITED STATES, IN CONGRESS ASSEMBLED:

4            We, your Memorialists, the Senate and House of Representatives of  
5 the State of Washington, in legislative session assembled, respectfully  
6 represent and petition as follows:

7            WHEREAS, Consumers are increasingly using credit and debit cards  
8 and other electronic transactions to make purchases and the number of  
9 credit and debit card transactions each year now exceeds the number of  
10 check transactions; and

11            WHEREAS, The lack of transparency relating to the fees, policies,  
12 and practices of credit card organizations has serious social and  
13 economic consequences for merchants and consumers; and

14            WHEREAS, American consumers pay billions of dollars annually in  
15 undisclosed fees, the most expensive of which are "interchange fees";  
16 and

17            WHEREAS, Interchange fees have risen dramatically in recent years,  
18 totaling 30.7 billion dollars in 2005, up seventeen percent over 2004  
19 and eighty-five percent since 2001, forcing American consumers and

1 retailers to pay the highest credit card interchange fees in the world  
2 with rates averaging close to two percent; and

3 WHEREAS, Merchants are required to pay these hidden interchange  
4 fees to banks and credit card organizations and are not allowed to  
5 offer discounts for cash or disclose to consumers how much they are  
6 paying in interchange fees; and

7 WHEREAS, Interchange fees are ultimately passed on to consumers,  
8 including those who pay by cash or check, in the form of higher prices,  
9 such that the average American family pays more than three hundred  
10 dollars each year in hidden interchange fees; and

11 WHEREAS, Only thirteen percent of the interchange fee goes to pay  
12 for the actual cost of an electronic transaction, and forty-four  
13 percent goes for rewards programs and other incentives; and

14 WHEREAS, Competitive economic models do not work when there are  
15 very few businesses that process transactions and merchants are forced  
16 to accept terms dictated, often without notice or recourse, by the  
17 credit card organizations; and

18 WHEREAS, With more and more consumers using electronic payment  
19 methods, the United States Congress needs to assure that the economic  
20 playing field is fair to consumers, merchants, and card providers  
21 alike; and

22 WHEREAS, More than ninety percent of American adults surveyed agree  
23 that Congress should require credit card organizations to be more open  
24 about their policies and practices regarding interchange fees;

25 NOW, THEREFORE, Your Memorialists respectfully pray that the United  
26 States Senate and the United States House of Representatives hold  
27 hearings on interchange fees and take action limiting credit card  
28 interchange fees and developing a clear and concise disclosure to  
29 consumers and retailers thereof.

30 BE IT RESOLVED, That copies of this Memorial be immediately  
31 transmitted to the President of the United States Senate, the Speaker  
32 of the House of Representatives, and each member of Congress from the  
33 State of Washington.

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