



May 27, 2010

The Honorable Richard Durbin
United States Senate
Washington, DC 20510

Dear Majority Whip Durbin:

It appears there are false arguments being made about the effect the Durbin financial reform amendment (#3989) would have on the users of SNAP (food stamp) benefits. On behalf of the 1,500 food retailers and wholesalers represented by the Food Marketing Institute (FMI), we are writing to tell you that these allegations are simply not true.

Opponents of your amendment claim that state government agencies and SNAP recipients will be harmed if the Durbin amendment passes and interchange fees are lowered. Yet they have overlooked the fact that currently no interchange fees are collected on SNAP EBT (electronic benefit transfer) transactions because federal law prohibits interchange fees from being assessed on SNAP EBT as clarified in the 2008 Farm Bill (PL 110-246). The current system is an efficient electronic delivery system that has worked well for customers and retailers for years without interchange fees or Visa or MasterCard logos and we would suggest it is a strong model for other programs.

Additionally, the Wall Street Banks and credit card companies are claiming on their newly-formed website (www.thecardalliance.org) that merchants imposing a minimum on SNAP transactions would “unfairly harm Americans who depend on government assistance programs like food stamps.” This is another ill-founded argument as **merchants are prohibited by the Quest Network Operating Rules, which govern SNAP EBT transactions, from setting minimum or maximum transaction amounts for SNAP cardholders (Section 3.28)**. Our belief is that nothing in your amendment would change this.

The current system for SNAP EBT is an interchange-free environment that operates smoothly for benefit recipients, state and federal agencies, and retailers. We strongly support your amendment in its current form as it would provide relief from spiraling debit interchange fee costs that are increasing the prices of all goods and services in our stores, negatively impacting all our customers, including those who shop with SNAP EBT benefits.

Sincerely,

Jennifer Hatcher
Group Vice President, Government Relations