

SENATE No. 2013

The Commonwealth of Massachusetts

PRESENTED BY:

Anthony W. Petruccelli

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:
memorializing the Congress of the United States to address the escalating electronic payment interchange rates that merchants and consumers are assessed.

PETITION OF:

NAME:

Anthony W.. Petruccelli

DISTRICT/ADDRESS:

First Suffolk and Middlesex

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

RESOLUTIONS

1 **MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO ADDRESS THE**
2 **ESCALATING ELECTRONIC PAYMENT INTERCHANGE RATES THAT**
3 **MERCHANTS AND CONSUMERS ARE ASSESSED.**

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6 **WHEREAS**, IMPROVED TECHNOLOGY COMBINED WITH CONSUMER
7 CONVENIENCE HAS CAUSED A RISE IN CREDIT AND DEBIT CARD ELECTRONIC
8 PAYMENT SYSTEMS, AND

9 **WHEREAS**, IN ORDER FOR MERCHANTS TO ACCEPT THESE PAYMENT
10 SYSTEMS, MERCHANTS ARE REQUIRED TO ENTER INTO AN UNFAIR
11 CONTRACTUAL RELATIONSHIP WITH THE CREDIT CARD COMPANIES AND THEIR
12 MEMBER BANKS, AND

13 **WHEREAS**, IN EXCHANGE FOR THE ELECTRONIC PAYMENT SYSTEM,
14 MERCHANTS MUST PAY INTERCHANGE FEES AND THESE INTERCHANGE FEES
15 ARE USUALLY HIDDEN AND NOT DISCLOSED TO THE CONSUMER, AND

16 **WHEREAS**, THE INTERCHANGE FEES ARE ULTIMATELY PASSED ON TO THE
17 CONSUMERS, INCLUDING THOSE WHO PAY WITH CASH OR A CHECK AND WHO,
18 IN EFFECT, SUBSIDIZE REWARDS GIVEN TO CREDIT CARD CUSTOMERS, AND

19 **WHEREAS**, THE NUMBER OF REWARDS CARDS IN CIRCULATION IS
20 RAPIDLY INCREASING, AND THE NEW REWARDS CARDS CARRY HIGHER

21 INTERCHANGE FEES AND THEREFORE, ARE MORE COSTLY FOR BOTH
22 MERCHANTS AND CONSUMERS, AND

23 **WHEREAS**, MERCHANTS ARE CONTRACTUALLY OBLIGATED TO ACCEPT
24 ALL CARDS FROM A CREDIT CARD ISSUER AND MAY NOT REFUSE PAYMENT
25 FROM A CARD CHARGING HIGHER INTERCHANGE RATES, AND

26 **WHEREAS**, THE INTERCHANGE FEES, INCLUDING THOSE PAID ON FOOD
27 AND GASOLINE, ARE TYPICALLY ALMOST DOUBLE THE PROFIT MARGIN OF THE
28 MERCHANT, AND

29 **WHEREAS**, TRADITIONAL ECONOMIC MODELS ARE NOT APPLICABLE
30 BECAUSE MERCHANTS ARE FORCED TO ACCEPT CONTRACTUAL TERMS
31 DICTATED OFTEN WITHOUT NOTICE OR RECOURSE, AND

32 **WHEREAS**, SMALL BUSINESSES STRUGGLE TO ABSORB THE CONSTANT
33 INCREASES IN THE COST OF ACCEPTING ELECTRONIC PAYMENTS, AND

34 **WHEREAS**, IT IS ADVANTAGEOUS THAT ECONOMIC MODELS FACILITATE
35 A HIGHLY COMPETITIVE MARKETPLACE, AND

36 **WHEREAS**, THE INCREASED CONSUMER USE OF ELECTRONIC PAYMENTS
37 REQUIRES CONGRESS TO ASSURE THE EXISTENCE OF A HIGHLY COMPETITIVE
38 AND VIBRANT MARKET THAT PROMOTES AN ECONOMIC PLAYING FIELD THAT IS
39 FAIR TO CONSUMERS, MERCHANTS, AND CARD PROVIDERS, NOW THEREFORE BE
40 IT

41 **RESOLVED**, THAT THE MASSACHUSETTS STATE SENATE, ON BEHALF OF
42 THE CITIZENS OF THE COMMONWEALTH, URGES CONGRESS TO ADDRESS THE
43 CURRENT ANTICOMPETITIVE NATURE OF CREDIT AND DEBIT CARD
44 INTERCHANGE FEES CHARGED TO MERCHANTS AND CONSUMERS, AND BE IT
45 FURTHER

46 **RESOLVED**, THAT A COPY OF THESE RESOLUTIONS SHALL BE
47 TRANSMITTED FORTHWITH BY THE CLERK OF THE SENATE TO BARAK OBAMA,
48 PRESIDENT OF THE UNITED STATES, TO THE MASSACHUSETTS CONGRESSIONAL
49 DELEGATION, AND TO THE UNITED STATES CONGRESS.