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**CRR EXTRAS**

*Friday, March 04, 2011*

## Session Focus is Jobs, Small Business

### Retailers' Legislative Agenda Moving

Along with New Republican Majority Priorities

In the first week of the 2011 regular legislative session, the new Republican-majority Alabama Legislature moved most of the bills included in its "Handshake with Alabama," as well as two bills in the Alabama Retail Association's [2011 legislative agenda](#), into position to be debated next week.

Elements of the ARA agenda that already received committee approval are a proposed increase in late fees on consumer credit transactions and an increase in the tax deduction for small businesses providing health insurance for their employees.

"This is a conservative, pro-business Legislature," said [House Speaker Mike Hubbard, R-Auburn](#), (at right), the former



GOP chairman who led his party in November to take control of the Alabama Legislature for the first time since Reconstruction. The session's priorities will be creating jobs and helping small businesses, Hubbard told business interests. "Any bill that doesn't create jobs or help the economy goes down on the priority list," he said. To that end, the Legislature gave committee approval to eight of the nine bills included in the Republican "Handshake with Alabama," issues the party promised to address if voters elected its candidates.

"When we make promises, we deliver," Hubbard said.

Among the "Handshake" bills scheduled for votes in the House on Tuesday:

### TOP ISSUES

[Sales Tax Fairness Survey](#)

[Tell your Rep to vote 'Yes' on late fee bill](#)

[Tell congressmen to keep swipe fee reforms](#)

[E-911 fee bill offers 4% collection allowance](#)

[ARA member testifies in favor of health insurance deduction](#)

[Immigration bill up for committee vote](#)

[U.S. House votes to repeal 1099 requirement](#)

[Handshake with Alabama moving](#)

[Orr would allow locals to exempt food from sales tax](#)

[Some want PSE products to be prescription only](#)

['Bath Salts' now controlled substance](#)

[Senator attempts to regulate rebates](#)

[Incentives offered for producing jobs](#)

[Alcohol and tobacco bills in hopper](#)

- [HB 61](#) by [Rep. April Weaver, R-Brierfield](#), which gives small businesses who supply health insurance to their workers, as well as those workers, a 200 percent tax deduction. (See ARA Legislative Agenda in Action)
- [HB 60](#) by [Rep. Blaine Galliher, R-Gadsden](#), a state constitutional amendment to prohibit mandatory participation in any health care system. The bill is in reaction to federal legislation compelling everyone to have health insurance.
- [HB 64](#) by [Rep. Kurt Wallace, R-Maplesville](#), which would guarantee elections by secret ballot, including union organization.
- [HB 57](#) by [Rep. Greg Canfield, R-Vestavia Hills](#), the Rolling Reserve Budget Act, which seeks to prevent midyear budget cuts to public schools by changing the way the Legislature writes the state education budget. This week [Gov. Robert Bentley](#) announced an across-the-board three percent proration of the Education Trust Fund and plans to prorate General Fund agencies outside of Medicaid and Corrections by 15 percent. A 9:30 a.m. Wednesday public hearing has been set for the Senate companion, [SB 121](#) by [Sen. Tripp Pittman, R-Daphne](#), before the Senate Finance & Taxation Education Committee. Hubbard said, "*We will pass the budgets close to what (Bentley) has proposed.*"

- [HB 003](#)
- [HB 056](#)
- [HB 057](#)
- [HB 060](#)
- [HB 061](#)
- [HB 064](#)
- [HB 066](#)
- [HB 086](#)
- [HB 089](#)
- [HB 099](#)
- [HB 103](#)
- [HB 107](#)
- [HB 114](#)
- [HB 117](#)
- [HB 136](#)
- [HB 149](#)
- [SB 015](#)
- [SB 030](#)
- [SB 036](#)
- [SB 046](#)
- [SB 050](#)
- [SB 060](#)
- [SB 070](#)
- [SB 088](#)
- [SB 101](#)
- [SB 104](#)
- [SB 109](#)
- [SB 121](#)
- [SB 126](#)
- [SB 152](#)
- [SB 155](#)
- [SB 159](#)

[USHR4](#)

## >> Other News

### ARA LEGISLATIVE AGENDA IN ACTION

#### Tell Your Representative to Vote 'Yes' on Late Fee Bill

On Wednesday, the House Financial Services committee unanimously approved [HB 3](#) by [Rep. Craig Ford, D-Gadsden](#), a plank in the [ARA's State Legislative Agenda](#) for the past four years. The bill is in position for the entire House to consider next week, which means retailers may finally be allowed to make the modest \$8 increase in late fees for delinquent consumer credit payments your association has sought since 2007.

Ford's bill links the minimum late fee retailers and other businesses can charge on credit transactions under the Mini-Code to the amount allowed under the Alabama Small Loan Act (SLA). The minimum amount allowed under the SLA has been \$18 since 2007. Retailers who finance in-house, such as furniture and appliance stores, are most affected by the disparity in late fees allowed under the two code sections

#### IN THE NEWS

[GOP works to push agenda through](#)

[Alabama could opt out of federal health care plan under 'symbolic' bill approved by House panel](#)

[Alabama legislative committees pass bills to cap increases in education spending, require photo ID at the polls and guarantee secret union ballots](#)

[Secret ballot bill will go before the full House Governor declares proration](#)

governing credit and loans.

Currently, a creditor can charge \$10 or five percent of the scheduled payment, whichever is greater up to a cap of \$100, when a credit payment is 10 days late. That has been the case since 1997, when the Alabama Legislature increased the late charge from \$5. Obviously, the cost to a creditor for collecting delinquent payments has increased in the past 14 years.

**[ARA thanks Financial Services Chairman Steve Clouse, R-Ozark, Rules Committee Chairman Blaine Galliher, R-Gadsden, and Senate sponsor, Sen. Gerald Dial, R-Lineville, for their support of this legislation.](#)** Dial's Senate companion, **[SB 70](#)**, awaits action by the Senate Banking and Insurance Committee. **Please ask your representative to correct the inequity between the Mini-Code and Small Loan Act by voting "Yes" on HB 3.**

>> [Read ARA's Late Fee Fairness Issue Brief](#)

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## Panel Votes to Increase Health Insurance Deduction to 200%



Andy Martin, president and co-founder of [Square Root Interactive](#), a full-service, 10-employee Web agency and **an ARA member since 2006**, told the House Commerce and

Small Business Committee on Wednesday, that his and other businesses with 24 or fewer employees could reduce the amount employees contribute to health insurance with the passage of **[HB 61](#)** by [Rep. April Weaver, R-Brierfield](#).

The bill, which the committee unanimously approved, would raise the income tax deduction employers and employees can claim on health insurance premiums from 150 percent to 200 percent. Since 2009, small companies (24 or fewer full-time employees) have been able to deduct 150 percent of money spent on health insurance premiums from state taxes, and their employees who earn \$50,000 or less have been able to do the same. **ARA and the Business Associations' Tax Coalition, a 30-member group of business and trade associations chaired by ARA President Rick Brown, have sought a 200 percent deduction for the past four years.**

Weaver (at left) said her bill "gives small businesses access to

[in Education Trust Fund](#)

[Alabama legislative panel delays voting on illegal immigration bill](#)

[Two sides begin fight over illegal immigration proposal](#)

[Who'll pay for illegals bill? Hammon immigration legislation supporters, foes speak at hearing](#)

[Proposed immigration bill draws local debate](#)

[Cell companies attempting to lower 911 fees](#)

[911 fee bill opposed by Baldwin County and Alabama officials](#)

[Are Amazon.com's days of tax-free selling numbered?](#)

[Police work to stem flow of bath salts](#)

[Senators offer tax credits for jobs](#)

[House votes to rescind IRS reporting measure](#)

[Fed concerns could boost efforts to delay debit-fee plan](#)

***[For more stories concerning legislative action and news of interest to retailers, go to In the News](#)***

## ARA CONTACTS

[Rick Brown](#)  
President

[Alison Wingate](#)  
Vice President

[Nancy Dennis](#)  
Dir. of Public Relations

[Brett Johnson](#)  
Member Relations Mgr.



*affordable private insurance, helping small business to grow, while keeping the working poor off Medicaid rolls."*

More than 90 percent of ARA members employ fewer than 25 employees and would qualify for this increased deduction if they offer group health insurance to their employees. This legislation does

**NOT** require companies to offer health insurance. It merely gives businesses an incentive to offer health insurance by making it more affordable. "*It is a conservative free-market solution,*" said Weaver. The full House is expected to consider the bill Tuesday. The Senate companion, [SB 159](#) by [Sen. Greg Reed, R-Jasper](#), awaits action by the Senate Health Committee.

>> [Read ARA's Issue Brief on Small Business Healthcare](#)

>> [Read ARA's full 2011 Legislative Agenda](#)

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### Arizona-Style Immigration Bill Set for Committee Vote

The only Republican "Handshake" bill that didn't clear a committee this week was [HB 56](#), an Arizona-style immigration bill proposed by [Rep. Micky Hammon, R-Decatur](#). Hammon asked for a delay in the vote to address concerns raised by the Alabama Employers for Immigration Reform of which ARA is a member. The bill is on the House Public Safety and Homeland Security's agenda for its noon Tuesday meeting. Hammon chairs that committee.

Under [ARA's 2011 Legislative Agenda](#), your association has pledged to oppose any immigration laws that impose additional burdens or penalize Alabama's businesses. We thank Rep. Hammon for working with us to ensure his bill doesn't increase the burden for retailers and other businesses.

Among the provisions the Alabama Employers for Immigration Reform has asked that the bill include are:

- a requirement that an employer have knowledge that a subcontractor employed unauthorized aliens before the employer can be held liable under the legislation;
- consolidation of enforcement under the Department of Industrial Relations as the department already has an existing administrative hearings process, which businesses could utilize to appeal determinations made under the bill;
- protections for employers sued for wrongful termination or failure to hire based on an inaccurate notification from the federal E-Verify system that an employee or prospective

## LEGISLATIVE CONTACTS

To contact members of the Alabama Legislature:

### WRITE:

Alabama State House  
11 South Union Street  
Montgomery, AL 36130

### CALL:

HOUSE: (334) 242-7600  
SENATE: (334) 242-7800

### E-MAIL:

Most representatives can be reached through the House e-mail system by using the following format:

[firstname.lastname@alhouse.org](#).

Those without e-mail addresses can be reached through the general e-mail address:

[house3@alhouse.org](mailto:house3@alhouse.org)

There is no general e-mail address for senators. [Click here](#) for a roster of the state senators with their complete contact information.

### LINKS GO TO CONTACT INFO:

The link to each lawmaker mentioned in this publication goes to their individual websites, which have contact information. You can also find out whose legislative district you live or work in under [Find Your Lawmaker](#) in the [Political Affairs](#) section of [alabamaretail.org](http://alabamaretail.org).

- employee is an unauthorized alien. The bill requires every business in the state to adopt E verify by Jan. 1, 2012;
- an E-Verify exemption for small businesses or a phasing in of the E-verify requirement over a series of years based on the size of the businesses. Having other, alternative forms of verification also be acceptable has been discussed as well.
- a requirement that the government prove violators 1) smuggled, concealed, harbored, shielded, or transported or moved an alien within the state 2) the alien was in the state in violation of law 3) violator knew of this fact 4) violator acted willfully in furtherance of the alien's violation of law .

### **ANOTHER IMMIGRATION BILL ON COMMITTEE'S AGENDA**

At 9 a.m. next Wednesday, Hammon's committee is scheduled to debate a second immigration bill, [HB 99](#) by [Rep. Kerry Rich, R-Boaz](#). This bill would make it unlawful for a business with 20 or more employees or a public employer to knowingly hire or recruit an unauthorized alien and require such a business to use E-Verify. On first violation, the business would get a warning and would have 60 days to come into compliance. On second offense, the business' license could be suspended. A third violation would result in revocation. The bill's requirements would take effect three months after the bill's passage.

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### **POINT-OF-SALE FEE COLLECTIONS**

#### **Retailers to Collect E-911 Fees, Get 4% Collection Allowance**

Bills have been introduced in both chambers of the Alabama Legislature that would require retailers to collect E-911 fees from prepaid wireless customers. [HB 114](#) by [Rep. Greg Canfield, R-Vestavia Hills](#), has been assigned to the House Commerce and Small Business Committee, while its Senate companion, [SB 101](#) by [Sen. Del Marsh, R-Anniston](#), has been assigned to Senate Governmental Affairs.

Although not yet scheduled for a committee hearing, the legislation already has drawn vocal opposition from local E-911 operators because it reduces the flat fee collected from each cell phone and prepaid wireless customer. While most cell phone carriers have been collecting and remitting E-911 fees, many prepaid services have not, and face lawsuits seeking back payment of the fees. The bills' sponsors believe the extra collections from users not currently paying the fees will offset the loss of funds from the overall fee reduction.

Cell phone users now pay a flat 70-cent monthly fee for E-911 services, while the monthly fee for landline users can be as high as \$5.08, according to testimony during last year's debate of another E-911 fee bill. Landline fees, which by law



For committee assignments and clerk contacts for the Alabama Legislature, see [ARA's 2011 Legislative Roster](#).

### **BENEFIT FROM THE VALUE**

**Now, Even More Benefits from ARA**



**Your Business Can Save Thousands**

ARA constantly strives to increase the Value its members received from membership. Many members have been using our low-cost workers' comp program for years, but were asking for more. In January, we announced more savings. ARA members now have access to:

**Cost-Saving Credit Card Processing:**

Through a partnership with Huntsville-based **CHECKredi**, ARA members get rates normally reserved for only the largest stores.

**Discounted Inbound and Outbound Shipping:**

are variable based on the coverage area, have increased as more and more phone users have dropped their landlines and are using cell phones exclusively for their phone needs. Canfield's and Marsh's legislation calls for a flat 65-cent fee for all wireless users.

Under the bills, retailers, rather than carriers, would begin collecting the E-911 fees for wireless communications services at the point of sale, with the fees noted separately on the after-tax price of the service on invoices or receipts. The retailer also would be allowed to deduct and retain 4 four percent of the prepaid wireless 911 charges collected from consumers to cover the retailer's expenses for collecting and remitting the fees, along with sales taxes, to the Alabama Revenue Department. The bill would become effective Oct. 1 of this year.

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## TAXES

### **ARA Needs Your Input on Sales Tax Fairness**

Tough financial times for state government and frustration about inequities in sales tax collections between brick-and-mortar and online retailers are expected to collide this year to produce legislation.

The Alabama Legislature faces dire budget cutbacks at the same time that the new Republican majority was elected on a no-new taxes pledge. As a consequence, the Legislature and the Alabama Revenue Department are seeking to get the most out of existing revenue sources. As Finance Director David Perry told business interests, "We're looking to enforce tax laws already out there and improve collections on current taxes."

Meanwhile, ARA wishes to advance legislation that equalizes taxes between brick-and-mortar and Internet retailers.

Legislation is being considered, but not yet introduced, that would require sellers who do NOT collect and remit sales or use tax on items delivered into Alabama to provide:

- Notice to the customer at the time of the transaction, as a public service to assist customers in understanding that tax is not being collected and that the customer may owe the tax directly to the Alabama Department of Revenue and local governments.
- Annual reports to customers, as a public service to assist customers in remitting tax directly to the Department of Revenue.
- An annual report to Alabama's Revenue Department to assist

Through our arrangement with **PartnerShip** ARA members can save up to 27% on FedEx services and up to 70% on other shipping needs.

### **Budget Friendly Email Marketing:**

**Constant Contact** brings ARA members cutting edge e-mail marketing technology for as low as \$15 a month; members save up to 25%

### **Find Out More Today**

### **IMPORTANT EVENT THIS WEEK**

WHAT: **Birmingham Business Leadership Exchange**  
WHEN: **6 p.m. Wednesday, April 6**

WHERE: Regions Center Upper Lobby Auditorium, 1900 5th Avenue North

*Complimentary parking available at Regions Center deck via 19th St. North*

The Speaker's Commission on Job Creation is partnering with the Birmingham Business Alliance to invite business owners of companies across the industrial spectrum to attend a "Business Leadership Exchange," and share their ideas about how to improve the business climate in the state. If you have any questions, please **contact the office of House Speaker Mike Hubbard at 334-242-7668**. If you are unable to come to the Birmingham exchange but would like to submit ideas and recommendations, you may [email them to Alabama Jobs Commission](#)

or join the conversation on Facebook at

[facebook.com/speakersjobscommission](https://www.facebook.com/speakersjobscommission)

in identifying non-filers.

ARA has put together a survey to gauge your views on such potential legislation.

Please complete the survey online at [alabamaretail.org/SalesTaxFairnessSurvey](http://alabamaretail.org/SalesTaxFairnessSurvey)

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### Localities Could Drop Sales Tax from Food under Bill

Sen. Arthur Orr, R-Decatur, has again proposed allowing a county or a municipality to exempt the local sales tax on food. **SB 109** would give county or city officials the authority to exempt food, as defined by the Federal Special Supplemental Nutrition



Program for Women, Infants, and Children (WIC) or as defined by the county commission or municipal governing body, from their local sales taxes. In many areas of the state this could reduce sales taxes by as much as 6 percent. The bill awaits action in the Senate Judiciary Committee.

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## PHARMACY ISSUES

### Bills Would Make PSE Products Controlled Substances

Four bills have been introduced so far in the 2011 regular session, which would make pseudoephedrine and ephedrine products controlled substances and thus require consumers to obtain a prescription from their physician for over-the-counter products commonly used to treat cold symptoms. Only two states currently require prescriptions for those products. **ARA opposes making these products available by prescription only as it would limit their access to cold and allergy sufferers and drive up costs.**



Since Jan. 1 of this year, Alabama pharmacies have been electronically tracking the sales of over-the-counter products that contain ephedrine and pseudoephedrine as

a result of legislation approved just last year. This system

needs time to take hold. Pseudoephedrine and ephedrine are key ingredients in the production of the illegal drug, methamphetamine. Electronic tracking was created to assist law enforcement in identifying consumers involved in methamphetamine production and abuse.

The two House bills introduced – [HB 89](#) by [Rep. Mike Millican, R-Hamilton](#), and [HB 103](#) by [Rep. Jim McClendon, R-Springville](#) – have been assigned to the House Health Committee. The committee will consider Millican's bill at 9 a.m. Wednesday in the Joint Briefing Room on the eighth floor of the State House. [Sen. Roger Bedford, D-Russellville](#), also has introduced two similar bills. [SB 36](#) has been assigned to the Senate Judiciary Committee and [SB 88](#) has been assigned to the Senate Health Committee.

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### Lawmakers Introduce Other Pharmacy-Related Issues

Other pharmacy-related bills introduced early in the session and assigned to the Senate Health Committee include:

- [SB 46](#) by [Sen. Cam Ward, R-Alabaster](#), would prevent pharmacy and other healthcare employers from disciplining employees for violating company policies or procedures. The bill gives healthcare providers, institutions and payers the right to refuse to perform or participate in healthcare services that violate their conscience and would protect them from discrimination based on exercising that right. Resolving the dilemma of how to make certain a patient has access to appropriate drug therapy as determined by their prescribing practitioner, while allowing pharmacists to follow their conscience, is complex and should be independent of governmental mandates.
- [SB 60](#), also by Ward, would allow pharmacists and pharmacy technicians to provide therapeutic diabetic shoes and inserts.
- [SB 155](#) by [Sen. Billy Beasley, D-Clayton](#), an ARA member pharmacist, would authorize the Alabama Board of Pharmacy to establish protocols that would permit retail pharmacies to re-label and store prescription drugs not classified as controlled substances for a patient living in a residential care facility that does not have an on-site pharmacy. The House Health Committee will consider the House companion, [HB 107](#) by [Rep. Ron Johnson, R-Sylacuaga](#), at 9 a.m. Wednesday in the Joint Briefing Room on the eighth floor of the State House.



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## Emergency Rule Makes 'Bath Salts' a Controlled Substance

The Alabama Department of Public Health issued an [emergency rule](#) on Tuesday, Feb. 22, adding methylenedioxypropylamphetamine (MDPV) and mephedrone, substances marketed in mostly convenience and gasoline stations as "bath salts," to the Alabama Controlled Substances List. Possession, manufacture, or distribution of these substances is now illegal. Any retailer offering these products should remove them from their shelves immediately.

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## REBATE REGULATIONS

### Coleman Seeks to Regulate Rebates

[Sen. Linda Coleman, D-Birmingham](#), has introduced two bills that would regulate rebates. Both have been assigned to the Senate Commerce, Transportation, and Utilities Committee. [SB 30](#) would deem advertising manufacturer's rebates without providing the rebate to the consumer at the time of purchase and refusing to accept a photocopy of an original sales receipt from a consumer attempting to redeem a rebate as deceptive trade practices. [SB 104](#) would require rebate issuers to remit rebates within 30 days of receipt of any rebate materials required to be furnished by the purchaser and give the purchaser a minimum of 45 days to submit the required rebate materials. ARA will vehemently oppose both of these bills.

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## TAX INCENTIVES AND CREDITS

### Legislators Introduce Incentives for Providing Jobs

In their efforts to make job creation a priority, lawmakers this week introduced a myriad of tax incentives for business growth:

- [SB 15](#) and [SB 50](#), identical bills by [Sen. Cam Ward, R-Alabaster](#), would provide tax credits for qualifying companies for job creation, depending on the amount of jobs, the wages paid and the county in which the jobs are located. Both also would provide a tax credit for the construction or improvement of an infrastructure project. SB 15 has been assigned to the Senate Finance and Taxation General Fund Committee, while SB 50 is assigned to the Senate Job Creation and Economic Development Committee.
- [SB 126](#) by [Sen. Tom Whatley, R-Auburn](#), is the subject

of a public hearing set for 10:30 a.m. Wednesday before the Senate Finance and Taxation General Fund Committee in Room 727. His bill would provide an income or excise tax credit for qualified research expenses incurred by businesses, including financial institutions and pass-through businesses, which parallels the federal research and development tax credit.

- **SB 152** by ARA member [Sen. Paul Bussman, R-Cullman](#), would give businesses that employ fewer than 100 people property tax exemptions to expand or locate in Alabama. The exemptions do not apply to property taxes assessed for educational purposes. The bill is assigned to the Job Creation and Economic Development Committee.
  - The House County and Municipal Government will debate **HB 117** by [Rep. Thad McClammy, D-Montgomery](#), at 1:30 p.m. Wednesday in Room 622. The bill would allow Class 3 municipalities to provide income tax credits for businesses hiring those under the age of 19.
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## ALCOHOL AND TOBACCO

### Alcohol and Tobacco Bills among Early Introductions

Several bills have been introduced this session relating to alcohol and tobacco sales. These include:

- **HB 66** by [Rep. Alan Harper, D-Aliceville](#), calls for a Sunday alcohol sales referendum in Northport. This bill is a near mirror of legislation approved last year for Tuscaloosa, which overwhelmingly approved Sunday sales in a Feb. 22 referendum. A hearing for the Northport bill has been scheduled for 9 a.m. Thursday before the Local Legislation Committee.
- **HB 86** by [Rep. Joe Hubbard, D-Montgomery](#), would amend Alabama's Brewpub Act to allow those brewing companies that sell their product on premises to also sell to distributors for retail sale.
- **HB 136** by [Rep. Mike Ball, R-Huntsville](#), would allow for seven-day, on-premise and off-premise alcohol sales by any retailer within a state park that falls within the corporate limits of a municipality where the sale of alcoholic beverages is permitted. The sales would be subject to municipal referendum. Hubbard's and Ball's bills await action in the House Economic Development and Tourism Committee.
- **HB 149** by [Rep. Mary Sue McClurkin, R-Indian Springs](#), would prohibit smoking in any workplace, public

buildings and places and any closed-off area within a private club. The legislation also requires signage posting. The House Health Committee will hear this bill.

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## **NEXT LEGISLATIVE DAY**

The **Alabama House meets at 1 p.m. Tuesday, April 5, 2011**, for the 10th meeting day of the 2011 regular session. The **Senate meets at 3 p.m.**

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## **FEDERAL**

### **U.S. House Votes to Eliminate 1099 Reporting Requirement**

Thursday afternoon, the U.S. House of Representatives overwhelmingly passed [H.R. 4](#), the Small Business Paperwork Mandate Elimination Act of 2011, which would repeal the enhanced 1099 reporting



requirement included in last year's health care law. As the law stands now, each transaction of more than \$600 would require a 1099 form be filed with the Internal Revenue Service starting in 2012. The House voted 314-112 in favor of repeal. While most lawmakers are in favor of repeal, some Democrats voted "no" to convey opposition to the Republicans' \$19 billion offset, which would impose limits on advance tax credits that go to low-income families to purchase health insurance. The Obama administration also has serious concerns about the approach Congress has taken to paying for the repeal. It is unclear whether the U.S. Senate will take up the House-passed bill because of concerns with the offsets. The Senate has passed similar 1099 repeal language – included as an amendment to a Federal Aviation Administration Reauthorization bill – but paid for it by rescinding \$44 billion in unobligated discretionary spending.

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### **Keep Needed Swipe Fee Reforms**

Tell Your Congressman Not to Repeal, Delay or Amend

The Alabama Retail Association this week sent all members of the Alabama congressional delegation a letter urging them to maintain interchange reforms achieved last year as part of the Dodd-Frank Wall Street Reform Act. Small banks and credit unions have been hounding Congress to jettison the reforms, even though the reforms only apply to issuers with \$10 billion or more in assets.

The U.S. House Financial Services Committee held a hearing Wednesday on the Dodd-Frank law's effects on small financial institutions and small business, and legislation is expected to be introduced next week to specifically delay rules related to debit card fees. The Federal Reserve Board is supposed to issue those rules by April 21, and the rules are to take effect in July. The Fed has proposed capping debit interchange fees at 12 cents, an almost 80 percent reduction from current levels. The Fed proposal also would require at least two unaffiliated payment networks for each debit card (for signature and PIN entry).

**ARA strongly supports preserving these reforms**, which would allow retailers to better compete in a market long controlled by the nation's two largest credit card companies. No market-based justification exists for the debit fee increases retailers have seen over the past decade, plus those increases have been completely unpredictable.

While your congressman is in your district on weekends (usually Friday through Monday) over the next month and during congressional spring break the week of March 21st, please take time to visit with him or her and explain that credit and debit card swipe fees are the second highest operating expense for many retailers and that the Dodd-Frank reforms are needed to start bringing this expense under control. **Tell your congressman to vote against repeal, delay or amendments to the reforms you fought so hard to get Congress to approve last year.** ARA will continue to communicate with the congressional delegation on this issue, but these lawmakers also need to hear from you.

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