

SIGMA WEEKLY REPORT

May 19, 2008

CREDIT CARD HEARING

On May 15, the U.S. House Judiciary Committee's Antitrust Task Force held a hearing on credit card interchange fees. Tom Robinson, president of Robinson Oil in San Jose, CA -- also a past president and current member of SIGMA -- [testified at the hearing](#). (A complete copy of his testimony can be found on www.sigma.org.) Robinson's message was simple: "If you are concerned about prices at the pump you need to be concerned about [credit card] interchange fees." In his testimony, Robinson explained his support for the Credit Card Fair Fee Act, which was introduced in March by Rep. John Conyers (D-MI) and Representative Chris Cannon (R-UT). This legislation under consideration would end the practice of anti-competitive rate setting by the credit card industry and give retailers an opportunity to negotiate terms and conditions just as with every other business. Over the last three years, unfair credit card practices, policies and fees have been scrutinized by the public, consumer groups, the Federal Reserve, and Congress. Interchange fees have been the subject of hearings three times in recent years under both the Republican and Democratic Congresses. Other witnesses at the hearing included: Joshua R. Floum, General Counsel and Corporate Sec., Visa Inc.; Steve Cannon, Chairman, Constantine Cannon, LLP; Joshua Peirez, Chief Payment System Integrity Officer, MasterCard Worldwide; John Blum, Vice President of Operations, Chartway FCU; and Edward Mierzwinski, Consumer Program Director, U.S. PIRG (the federation of state Public Interest Research Groups). Happenings at the hearing will be discussed at the SIGMA Legislative Committee Meeting to be held this Monday, May 19, at the Spring Convention in Hilton Head, SC.

FACT ACT CLARIFICATION

On May 13, the House of Representatives -- by a vote of 407-0 -- passed H.R. 4008, the "Credit and Debit Card Receipt Clarification Act of 2007". The measure would bar plaintiffs from filing claims against merchants who properly truncate card numbers on receipts but fail to eliminate the printing of card expiration dates. The bill, introduced by Rep. Tim Mahoney (D-FL) last October, would eliminate hundreds of class actions filed by consumers against merchants over their failure to comply with the 2003 "Fair and Accurate Credit Transactions Act" (FACT Act). Plaintiffs alleging willful

breaches of the relevant FACT Act provision are eligible for statutory damages, even in the absence of actual damages. The FACT Act prohibits anyone accepting credit and debit cards as means of payment from printing more than the last five digits of a card number or the card's expiration date on an electronic receipt. The bill would apply retroactively to all claims based on merchant failures to exclude card expiration dates on customer receipts to when the FACT Act requirement took effect in 2004.

HOUSE PASSES FARM BILL

On May 14, the House of Representatives passed the farm bill conference report (H.R. 2419) with a strong veto-proof majority. It was a 318-106 vote. The Senate also is expected to pass the measure with a veto-proof majority. As reported in last week's *Weekly Report*, the bill includes new incentives to promote cellulosic ethanol and to reduce reliance on corn-based ethanol. It also includes a new tax incentive for developing cellulosic biofuels that will be offset by a gradual reduction of the current ethanol tax credit. Other energy-related measures include an extension of the tariff on imported ethanol through 2010.

HIGHER ETHANOL BLENDS BEING STUDIED

The Department of Energy (DOE) and the Environmental Protection Agency (EPA) are studying a possible increase in the amount of ethanol allowed in gasoline from the current 10 percent to a possible 15 percent or 20 percent. According to a fuels researcher at DOE, if every gallon of gasoline was 10 percent ethanol, it would not be enough to comply with the requirement enacted by Congress in 2007 that the nation's motor fuel supply include 36 billion gallons of renewable fuel by 2022. Additionally, cars able to burn 85 percent ethanol, or E85, are a tiny fraction of the entire fleet and fewer than 1 percent of filling stations sell E85. Therefore, higher levels of ethanol content, or "midlevel blends," may be necessary to meet the renewable fuels standard, according to DOE. It is important to note that EPA has been petitioned to grant a waiver from the requirements of the renewable fuels standard due to rising grain prices and food shortages.

RENEWABLE ENERGY PROVISIONS IN TAX BILL

On May 15, the House Ways and Means Committee is expected to approve a revenue-neutral \$57 billion extension of expired and expiring temporary tax provisions. The legislation (H.R. 6049) would be paid for largely by tax changes to the treatment of deferred compensation paid by managers of offshore hedge funds and a nine-year delay in the implementation of the worldwide interest allocation rule. The deferred compensation offset would raise \$24.23 billion over 10 years, while the worldwide interest allocation delay would raise nearly \$30 billion over 10 years. The energy-related provisions in the package include: 1) a \$1.3 billion plan to cut the size of the ethanol tax credit (The ethanol credit, which passed House as a key offset for the farm reauthorization bill tax cuts, would trim the federal credit for ethanol from 51 cents per gallon to 45 cents per gallon); 2) An extension of the biodiesel production tax credit to 12/31/09; and 3) An extension to 2010 of E85 refueling property credit and increase from 30 to 50% (capped at \$50K).

SIGMA LEGISLATIVE NOTES

The [SIGMA Legislative Issues Book](#) is available for your review on SIGMA's website – www.sigma.org. This information will be discussed at the Legislative Committee Meeting in Hilton Head, SC, on May 19, 2008, during SIGMA's Spring Convention. Also, don't forget to register for this year's [SIGMA Summer Legislative Meeting](#) to be held at the Park Hyatt Washington Hotel in Washington, D.C. on **July 15-16, 2008**. Join your fellow marketers and make your voice heard! SIGMA members will focus on a variety of pressing legislative issues that are pertinent to marketers' businesses. Some key issues that will be discussed: (1) Temperature Correction at Retail; (2) FDA Regulation of Tobacco; (3) Credit Card Interchange Fees. Our goal is to make 250 Hill visits. Please make sure help meet that goal. For more information and to register, please visit www.sigma.org.

ANNOUNCING DOLLARS & SENSE SEMINAR FOR YOU!

SIGMA and Meridian Associates are proud to bring you "Dollars & Sense", a program targeted to training *your staff* about the essentials of company cash and profit. Armed with a better understanding of their personal role and effect on profit and cash, staff can make a positive impact on the survival, growth, and prosperity of the organization. Go to www.petrodollarsandsense.com for all the details and to register.

HOUSE AND SENATE VOTE TO STOP SPR DELIVERIES

On May 13, the Senate and House of Representatives voted by wide margins to suspend crude oil deliveries to the Strategic Petroleum Reserve (SPR), ignoring objections from the White House. The lopsided votes ensure that Congress can override the president if he decides to exercise his veto. Democrats acknowledged that halting SPR acquisitions is a modest response to \$4.00 per gallon gasoline and \$126.00 per barrel oil. Republicans are still calling to increase domestic supply to significantly bring down prices. The Senate voted 97-1 to add the amendment to halt SPR deliveries to a flood insurance bill (S. 2284) that later cleared the Senate on a 92-6 vote. The House passed a flood insurance bill (H.R. 3121) in September and now the two chambers will have to reconcile their differing versions, which will likely take several weeks because of objections to provisions in the underlying bills.

SPRING CONVENTION REGISTRATION ONSITE ONLY!

As of today, you will only be able to register for SIGMA's Spring Convention onsite in Hilton Head, SC. The convention will be held at the Westin Hilton Head Island Resort and Spa on May 18-20. If you have any questions, please call the SIGMA office at 703-709-7000. We hope to see you there!

SIGMA's 50th ANNIVERSARY!

The year 2008 is SIGMA 50th Anniversary year! It is amazing to see how rapidly and effectively we have progressed as an industry, how dramatically the needs of our customers have shifted during this period, and how we are poised to face the future with confidence despite uncertainty. This is a celebration—we have created one of the most efficient industry segments in the world! SIGMA's observance of its 50 wonderful years will culminate in a spectacular 50th Anniversary Gala during SIGMA's 50th Annual Meeting in San Francisco, CA. This landmark meeting will take place November 13-16, 2008 at the Fairmont Hotel. The "city by the bay" will be our host and provide an unforgettable setting for the outstanding education program and great social events! Be a part of the celebration. Register today at www.sigma.org or call 703-709-7000. Plus, you will want to make your hotel reservations as soon as possible as the Fairmont Hotel is certain to sell out in advance of the meeting. You don't want to miss out on the meeting of the year!