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February 18, 2011

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Federal Reserve System [Regulation II; Docket No. R-1404] - Debit Card Interchange Fees and Routing

The New Jersey Food Council (NJFC) greatly appreciates the opportunity to comment on proposed rules for debit card interchange fees and network routing. The NJ Food Council is the state trade association for New Jersey representing the food retail and distribution industry. We have almost 300 member companies which employ over 250,000 workers. The food sector is a major driver of the State's economy, with 17% of all employment and 9% of Gross State Product tied to our industry.

NJFC members have seen the cost for interchange fees greatly increase and we strongly believe proper implementation of the legislation will benefit our members. We would like to echo the comments made by the Food Marketing Institute (FMI) and fully supports their recommendations:

Section 235.3 - Reasonable and Proportional Interchange Transaction Fees

NJFC supports FMI and strongly prefers the structure proposed Alternative 1 that calls for a 7 cent safe harbor with a 12 cent cap. We do not believe Alternative 2, which moves closer to setting a single rate, is consistent with the intent of the legislation.

Section 235.7 - Limitations on Payment Card Routing Restrictions

NJFC supports FMI and strongly prefers proposed Alternative 2 that calls for two unaffiliated networks for each type of authorization method – signature, PIN, or other – because more choice will lead to greater competition in the market.

Section 235.6 - Prohibition on circumvention or evasion

Overall, we support a broad and dynamic circumvention rule, which has substantial consequences if violated. NJFC echoes the FMI noted concerns that networks could shift the majority of fraud prevention costs onto merchants.

Section 235.4 – Fraud Prevention Adjustment

NJFC is supportive of the fraud adjustment approach presented by FMI and the Merchants Payments Coalition.

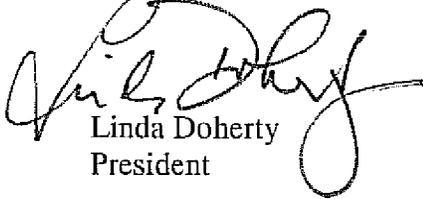
Exempt and Non-exempt products:

NJFC supports FMI in understanding the need for a short-term exemption of government-issued benefit cards where there are pre-existing contract arrangements between state or federal governments and a financial institution. However, we also do not believe these cards should be exempt in the long-term.

We support the exemption for Electronic Benefit Transfer (EBT) cards used to administer both the Supplemental Nutrition Assistance Program (SNAP/formerly food stamps) and the Women's, Infants, and Children (WIC) program.

Thank you for considering the views of the New Jersey Food Council.

Sincerely,



Linda Doherty
President