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SENATOR SALLY J. TURNER
44TH SENATE DISTRICT

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March 14, 2024

President Austan Goolsbee
Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604

Dear President Goolsbee,

As Illinois State Senator for the 44th Senate District, I urge the Federal Reserve to reduce the maximum debit "swipe" fee for debit card issuers and to establish a regular process for updating the interchange fee limit to every other year.

I represent over 200,000 citizens in Illinois and hundreds of businesses that rely on the use of a debit card. These fees are a significant challenge for small businesses and citizens of Illinois.

I appreciate the Board's action to reduce the debit regulated rate and establish every other year updates, but the proposed cap and methodologies used to set automatic updates do not fully reflect a "reasonable and proportional" level which has been demonstrated by the Federal Reserve's own research and data.

I ask that you take a critical look at the following aspects of the current situation regarding the newly proposed rule:

1. Revise the debit card regulated rate and establish a 2-year rate adjustment cycle to ensure a reasonable and proportional rate in relation to costs incurred by card issuers. This would include a base component of the transaction, loss fee, and a fraud prevention adjustment.
2. Review the discrepancy between the merchants' proposed rate of 14.4 cents versus the Federal Reserve's data showing that a bank's cost for a debit transaction is only 3.9 cents.
3. Recognize that a true "reasonable and proportional" rate, as required by the statute, should be considerably lower than the overall rate of 17.7 cents per transaction as proposed in the rulemaking.

The business climate in Illinois is challenging. I fight every day in the State Capitol for citizens to keep more of their hard-earned money. Small businesses in Illinois are struggling to keep good employees, or for that matter, any employees at all. I welcome and applaud the Board's action to review this imbalance in the current system. Banks and card issuers have been arbitrarily raising the transaction fee for years unchecked, with no thought as to how it would affect business owners and consumers in thousands of communities large and small.

Thank you again for your attention to this proposed rule that is critically important to communities and businesses across Illinois.

Sincerely,

A handwritten signature in cursive script that reads "Sally J. Turner". The signature is written in dark ink and is positioned above the printed name.

Sally J. Turner

Illinois State Senator, 44th District