



## Interchange Fees: Good News for Grocers?

**A**fter years of enduring fees and contractual restrictions for credits and debit card sales, retailers may finally get a break. As part of the federal financial reform bill, the Senate has included an amendment that protects retailers from costly interchange fees.



The “Durbin Amendment,” introduced by Senator Richard Durbin (D-Illinois), is twofold:

- **The amendment prevents card networks like Visa and MasterCard from penalizing sellers for offering discounts to customers.**
  - The amendment allows retailers to offer discounts for customers to use competing card networks and for customers to pay by cash,

*Continued on page 2*

New, Cheaper Way to Send Your Packages

*Page 3*

2010 CFIC Convention Highlights

*Pages 4-5*

You Decide: How is the Economy like a Computer?

*Page 6*

## North Carolina Legislation Effective July 1, 2010:



### Electronics Recycling:

On **July 1, 2010**, a **statewide electronics recycling program** will go into effect, impacting computer and television manufacturers and retailers. The North Carolina General Assembly passed **Computer and Television Recycling** law in 2008 which includes the agreed-upon



language that **CFIC negotiated** relevant to **television recycling** as some retailers are also deemed to be TV manufacturers (i.e. they license a TV from a manufacturer and then sell under their store brand).

*Continued on page 7*

# Interchange Fees

*Continued from page 1*

check or debit card. The amendment also allows retailers to choose to decline credit cards for small dollar purchases (because interchange fees often exceed profits on such sales). The amendment specifically excludes debit cards due to consumer group concerns about prepaid debit benefit cards, such as EBT cards used for food stamps.

- **The amendment directs the Fed to issue rules ensuring that debit interchange fees are reasonable and proportional to the processing costs incurred.**

- Visa and MasterCard currently charge debit interchange fees of around 1-2% of the transaction amount. These fees are far higher than the actual cost of processing debit transactions, and they mean that small businesses and

merchants get shortchanged when they accept a debit card for a sale.



The Senate passed the amendment by a vote of 64 to 33. Both North Carolina Senators, Senator Richard Burr and Senator Kay Hagan, voted for the amendment. The amendment is now part of the larger financial regulatory reform legislation. It is likely that the House will not automatically approve the Senate's changes and the bill will be forced into conference. After the bill is approved by the Conference Committee, it will then go back to the House and Senate for an

approval vote before being sent to the President for his signature.

Although a great first step for interchange fee reform, the Durbin Amendment is not a complete solution to the problem. There are several issues the amendment does not address:

- ◊ It does not impact credit card interchange fees;
- ◊ The reasonable debit fee requirement exempts small banks and credit unions with assets under \$10 billion (which includes 99% of all US banks and all but 3 credit unions);
- ◊ It does not enable merchants to discriminate against debit cards issued by small banks and credit unions; and
- ◊ It would not have the Federal Reserve set interchange prices.

CIFC will continue working on this issue until it is passed and the rights of retailers are protected. Stay in touch for information on this issue as it becomes available. □

## Interchange Fees Fast Facts

1. Interchange fees are **set arbitrarily** by Visa and MasterCard.
2. For small businesses, interchange fees are the **second highest operating cost behind payroll.**
3. Interchange fees **have tripled since 2001.**
4. In 2008, interchange fees **cost consumers and merchants \$48 billion.**
5. In April 2010, Visa **increased rates on debit transactions by 30%.**
6. **No federal agency has meaningful oversight** over interchange fees.

# New, Cheaper Way to Send Your Packages

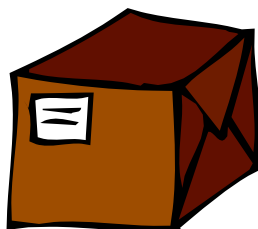
The United States Postal Service has developed a new program that allows customers who ship Priority Mail or Express Mail to print shipping labels from their home computers, at a discount to what would be paid in the post office. **Click-N-Ship** can be used by everyone – those who occasionally ship one or two packages or businesses that ship numerous packages every day.

Customers using **Click-N-Ship** typically save money on postage fees. Although shipping costs depend upon the type and size of the package, they can be as much as 15% cheaper than shipping costs paid in the post office.

**Click-N-Ship**, found on [www.usps.com](http://www.usps.com), allows customers to:

- Purchase and pay for postage labels with any major credit card
- Calculate and compare postage
- Standardize information

- Store thousands of addresses and previously used labels
- Find a zip code and confirm address
- Purchase insurance up to \$5,000
- Set-up e-mail notifications for the sender and recipient
- Print multiple labels on one transaction
- And many more easy-to-use functions



Using **Click-N-Ship** is easy:

1. Access a computer with an internet connection with a laser or inkjet printer (with black ink).
2. Go to [www.usps.com](http://www.usps.com) and click on “Print Postage” in the middle of the page.
3. Click on the “Sign-Up” link under the Register Now link on the right-hand side of the page. After creating an account, you will be given a unique account number that you can use to track shipping information.
4. Once registered, enter your package and shipping information and print your label.
5. Labels can be printed on 8 ½” x 11” white paper and glued or taped securely to the package. Priority Mail and Express Mail online labels should print to be 4” x 6”.

## What to know before using **Click-N-Ship**:

### Packages

Click-N-Ship labels are intended only for large envelopes and packages; they may not be used for letter-sized envelopes and postcards.

To realize savings on shipping costs, packages must be sent in Priority Mail Flat Rate or Express Mail boxes and envelopes. Priority Mail boxes can be ordered for free (plus the cost of shipping) online, [www.usps.com](http://www.usps.com), or picked up (in small quantities) at your local post office.

### How to Ship

You can drop the Priority Mail service and domestic Express Mail service pieces with postage labels in any USPS Collection Box or:

- Drop the piece at the local Post Office
- Hand the mailpiece to your mailperson
- Request a carrier pick-up online (no additional charge)

If sending at least one Express Mail, Priority Mail, International, Merchandise Return or Parcel Return Service package, you may arrange for a USPS Carrier to pick-up your package on the next day of regular mail pickup. The pickup can be arranged at the same time the postage is printed. □

**\*\*NOTE:** Retailers enrolled in the MasterCard Easy Savings Program will receive additional savings for using their MasterCard Business Card when purchasing their postage online: they will receive an up-front discount and receive a 5% rebate on their bill.

## CFIC Has the Answers to Your Information Needs!

### Store Signs

CFIC has developed a collection of more than 20 store signs and posters on important retail issues as varied as the tobacco law and the white goods appliance tax. These signs are important tools for running a retail grocery business in NC. Purchase these from CFIC for \$1 for the first sign and 10¢ for any additional signs. Required state and federal posters set available for \$8.

*Call Today! (919) 832-0811*

# 6th Annual CFIC Convention

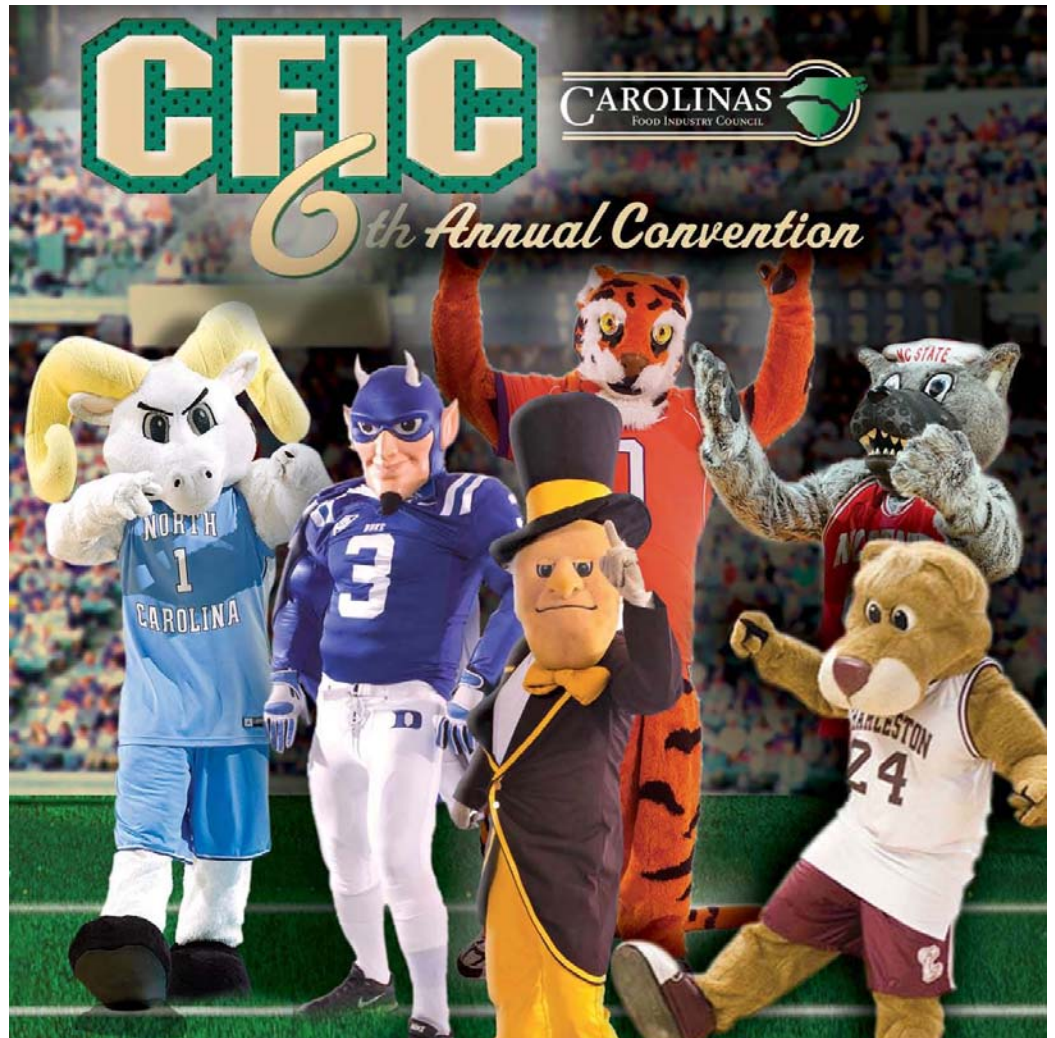
**July 22 - 25**

**Hilton Hotel Resort**  
Myrtle Beach, South Carolina

Register online:  
[www.cficweb.org](http://www.cficweb.org)

**Friday's**  
**Key Note Speaker:**

**Bobby Cremins**  
Coach  
College of Charleston



## Celebrities attending Thursday's Night Reception:

Clemson: Danny Ford  
Duke: Mike Gminski  
NCSU: David Thompson  
UNC: Phil Ford  
USC: George Rogers

## Also appearing on Thursday Night, Mascots from:

Clemson	UNC-Chapel Hill
College of Charleston	UNC-Charlotte
Duke	University of South Carolina
East Carolina University	Wake Forest
NC State University	

# 2010 CFIC Convention

## Schedule of Events

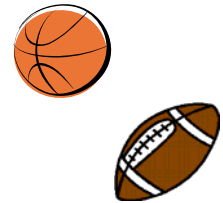


### Thursday, July 22

10:00 am – 8:00 pm	Registration Desk
12:30 pm – 4:00 pm	Snack Shack
6:30 pm – 9:30 pm	<b><u>Carolinas College Sports Opening Event</u></b> Buffet Line Open 7:00 - 8:30 pm <b>Silent Auction Ends</b> 9:00 pm

### Friday, July 23

7:00 am – 7:00 pm	Registration Desk
7:00 am – 4:00 pm	Snack Shack ( <i>breakfast 7:00-10:30 am; lunch 11:30 am – 2:00 pm</i> )
7:30 am – 10:00 am	<b>Opening Session</b> Opening Keynote: Coach Bobby Cremins “Sustainability,” Pat Walsh (FMI)
Noon	Golf Outing at Legends Golf Course
6:30 pm – 8:30 pm	<b>Carnival</b> Buffet Line Open 6:30 – 8:00 pm Prize Room Open 6:30 – 8:30 pm
8:45 pm – 9:45 pm	<b>Entertainment</b> Bouncing Bulldogs Jump Rope Team Prize Room Re-Opens 9:30 – 10:00 pm



### Saturday, July 24

7:00 am – 4:00 pm	Snack Shack ( <i>breakfast 7:00-10:30 am; lunch 11:30 am – 2:00 pm</i> )
7:30 am – Noon	<b>One-on-One Sessions</b> ( <i>Schedule Posted at Registration Desk</i> )
8:00 am – 9:00 am	Mark Vitner, Wells Fargo Economist
9:15 am – 11:15 am	<b>Presidents’ Presentations</b> , (one presentation for each company) 9:15 am Food Lion 10:00 am Harris Teeter 10:45 am MDI/Lowes Food Stores
6:30 pm – 10:00 pm	Children’s Dinner and Activity 5-8 year olds & 9-12 year olds grouping
6:00 pm – 7:15 pm	<b>President’s Reception, Hilton Ballroom, Mezzanine Level</b>
7:30 pm	<b>President’s Dinner, Palisades Conference Center</b> Outstanding Supplier of the Year Award <b>Live Auction</b>
8:15 pm – 9:30 pm	Jim Gossett, Impersonator
9:30 pm – 11:30 pm	NTranze Band

# You Decide: How is the Economy like a Computer?

I suspect like most people, I am now **totally dependent on computers**. I have one at work and one at home, and I do all of my writing, e-mailing and reading of several newspapers daily on the computer. My wife, who is about the least technologically oriented person I know, also spends several hours a day on her computer. She even recently bought a smart phone that automatically forwards her computer e-mail to her phone, meaning she's **never out of touch** with this form of communication.

One of the reasons **computers** are so useful is that they **can do several tasks at once**. For example, as I type this article, my computer is still receiving e-mails. Or sometimes, I'll have my computer set up to do some statistical work while I'm checking e-mail or surfing the web for the latest economic and financial news.

Computer experts have a phrase for this kind of techno multi-tasking: **"running in the background."** My e-mail program or statistical analysis can run in the background as I type an article or report. The background tasks are always there; they may just not be the computer user's focus of attention when other work is being done.

I think an analogy can be made to the economy. Just like the computer, **there can be several "programs" running in the economy at once**. Some are in the

foreground – which draw most of our attention – while others are in the background.

Changes to the foreground programs don't necessarily imply the same changes to the background programs.

Here's what I mean. The **foreground program** in the economy during the last two years has been the **recession**. The recession has grabbed everyone's attention and for good reason. Losses in jobs, wealth and

production have been much worse than in recent recessions. Virtually every industry, household and level of government has been impacted by this recession.

Homeownership – perhaps the core of the American Dream – has been rocked by record foreclosures and large price declines in homes.

Now, however, many economists say the economy has hit bottom and has begun to improve. Indeed, most of the economic indicators have shown improvement in recent months, and this has given optimism to both job seekers and business operators. While improvement isn't as fast as many would like, many analysts say **the economy is finally moving in a positive direction**.

Yet at the same time, it's easy to find many lingering issues with the economy. Among these are the **budget and trade deficits**, the large **income gap** between rich and poor, the **disappearance of**



*Dr. Mike Walden,  
North Carolina Cooperative Extension*

**manufacturing jobs, unequal growth rates** between regions of the state and questions about the future of **retirement** programs like **Social Security**.

So with so many economic questions still unanswered, how can anyone say the economy is improving? This is where my computer analogy comes in.

The answer is that while the economic program in the foreground may be improving, the economic programs in the background are still there. That is, when we close the foreground program, up pops the background program to remind us it's still there.

Economists call the program tracking the ups (expansions) and downs (recessions) of business the **"cyclical economy."** There have been **11 of these cycles** since World War II, and we'll likely always have them.

*Continued on page 7*



# NC Legislation

Continued from page 1

CFIC is **currently participating in a stakeholders' group** with the Department of Environment and Natural Resources (DENR) to **pass legislation which will make clarifying changes before the law becomes effective**. The **January 1, 2011 landfill ban is also likely to get pushed back to July 1, 2011** to give time for the manufacturer responsibility plans to take effect.

**CFIC will continue to keep you informed as clarifying legislation moves through the North Carolina General Assembly this short session and as information become available from DENR regarding the registration process.**



## Local Sales Tax:

Effective July 1, four North Carolina counties will increase the local sales tax by a quarter cent: **Hertford, Lee, Randolph and Rowan**. The local sales tax rate will increase to **2.25%** (previously 2.0%). When combined with the 5.75% state sales tax, the total sales tax rate will be 8.00% in those counties.

Sales tax rates in the remaining 96 counties will remain the same.

□

# You Decide

Continued from page 6

Whenever we're in the down part of the cycle – the recession – this is the economic program that gets our attention; it's the program running on our screen.

But during both the ups and downs of the economic cycle, there are always the broader issues in the economy. We call this the **"structural economy"**

because these issues are based on the fundamental structure, or foundation, of our economy. These are the **big issues** related to what we produce, where people work, who's getting ahead and who's not and which regions are growing and which aren't. These issues are always there; it's just that during recessions they often get



overshadowed (and overlooked) because everyone's concerned with moving the economy from recession to expansion.

So as the recession is coming to an end and the economy is beginning to expand again, the cyclical economy program is gradually being closed.

However, rather than bright sunshine and smiling faces being revealed, the structural economy program emerges from the background to the forefront. Or to use another tech analogy, the structural economy program is going from being minimized to being maximized.

Does this make sense? Have I been helpful in aiding your understanding the **different sets of issues in the economy?** You'll have to decide. But maybe, for better or worse, you'll never look at your computer in the same way! □



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## **REMINDER:**

### **Sales Tax Holiday: August 6-8, 2010**

The sales tax holiday begins immediately after midnight **Thursday**, which is **12:01 am** on **Friday, August 6th** and runs through **11:59 pm** on **Sunday, August 8, 2010**. During the sales tax holiday period, retail sales of specified articles of tangible personal property are exempt from both state and local sales and use tax.

CFIC has detailed information on the holiday, including a poster listing all non-taxable and taxable items. Visit [www.ncrma.org](http://www.ncrma.org), to download the poster or call 919-832-0811 with any questions.