

JAMES H. DOUGLAS
Governor



State of Vermont
OFFICE OF THE GOVERNOR

May 21, 2010

The Honorable David A. Gibson
Secretary of the Senate
State House
115 State Street, Drawer 33
Montpelier, VT 05633

Dear Mr. Gibson:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I will allow S.138, *An Act Relating To Unfair Business Practices Of Credit Card Companies And Fraudulent Use Of Scanning Devices And Re-Encoders*, to become law without my signature for the reasons stated herein.

I understand and sympathize with the frustration and concern of Vermont's merchants regarding credit card fees, credit card rules and interchange fees imposed upon them without the opportunity to negotiate terms and the freedom to choose pricing options or the type of payment they will accept.

I do not believe, however, that legislation of this nature is best handled at the state level. This is a national, if not an international, issue that is best addressed in a wider forum. Indeed, Congress is starting to address these concerns. A recent amendment to the United States Senate version of the national financial regulatory reform legislation places restrictions on the fees and practices that card companies may impose on merchants when a buyer uses a debit card. While I appreciate the General Assembly's strong desire to address this issue, a better approach would have been to encourage our Congressional delegation to support amendments to federal law.

With the passage of S. 138, Vermont will be the first state in the nation to challenge the rules of the electronic payment system through legislation. This is not without risk to Vermonters and, particularly, those who depend on visitors to our state for their livelihoods. Consumers may find that their debit and credit cards are not accepted by certain merchants or in certain situations. Also, certain electronic payment systems may decide to pull out of the state or only offer limited services in Vermont.

The Honorable David A. Gibson
May 21, 2010
Page Two

These reservations were shared with legislators and, despite them, S.138 passed unanimously. I will encourage our delegation to address these issues on a nationwide basis so that uniformity among and between states will be achieved.

Sincerely,



James H. Douglas
Governor

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