



STATE OF OREGON  
OREGON STATE TREASURY  
159 STATE CAPITOL, 900 COURT ST NE  
SALEM, OREGON 97301-4043

June 3, 2010

Senator Jeff Merkley  
107 Russell Senate Office Building  
Washington, D.C. 20510

Senator Ron Wyden  
223 Dirksen Senate Office Building  
Washington, D.C. 20510-3703

Congressman David Wu  
2338 Rayburn House Office Building  
Washington, D.C. 20515

Congressman Greg Walden  
2352 Rayburn House Office Building  
Washington, D.C. 20515

Congressman Earl Blumenauer  
2267 Rayburn House Office Building  
Washington, D.C. 20515

Congressman Peter DeFazio  
2134 Rayburn Office Building  
Washington, D.C. 20515

Congressman Kurt Schrader  
1419 Longworth House Office Building  
Washington, D.C. 20515

**RE: S.3217 – Durbin Amendment on Prepaid Debit Cards**

To the Oregon Congressional delegation:

As you tackle the vital issue of financial regulatory reform in Washington, I want to keep you abreast of how these policies intersect services and policies here in Oregon.

I am writing today to express caution about the inadvertent impact that the Durbin amendment to S.3217 (limiting interchange rates) may have on the prepaid debit card programs that Oregon and other states currently use to disburse government assistance and benefits to citizens.

The amendment language introduced by Senator Richard Durbin proposes to regulate interchange on debit cards. While this is a certainly a valid issue, please keep in mind that Oregon is able to save millions of dollars each year by relying on prepaid debit cards as a method of disbursing benefits from various state programs. It is also important to note that the Federal government uses prepaid debit cards to disburse benefits to citizens as well.

Aside from saving state General Fund dollars (which is especially important in this budget climate), these cards provide safe and convenient access to benefits. This is especially important for recipients who are "unbanked," sparing them from high check-cashing and money order fees they are otherwise forced to pay in order to access funds and pay bills... not to mention the immeasurable benefit of dignity in the supermarket checkout line: For example, in lieu of food stamps, the Department of Human Services issues the Oregon Trail Card, which looks and works just like a debit card.

The State of Oregon is able to command beneficial rates on these programs because the interchange charges pay for the administration, as opposed to tapping the state's General Fund or – failing that – raising cardholder fees.

We are concerned that if the Durbin amendment becomes law, the financial viability of these programs may be impacted. The State Treasury often negotiates these programs, and it is possible that participating institutions will be forced to tap either the State or cardholders to recoup lost revenue.

For Oregon and 46 other states that have grown to rely on the savings realized through these programs, reverting to a paper-based system would be extremely expensive and inefficient. At a time when Oregon's revenue projections are over half a billion dollars down, we simply cannot afford such additional costs. In this budget climate, the inability of the State to absorb those costs may mean that those hardest hit by increased fees are those who can least afford them.

We respectfully urge you to consider these consequences as the Senate Finance Committee debates the Durbin amendment. Our goal is to maintain the private-sector financial viability of the program and to provide for the fact that these fees may in some cases be a vital accompaniment to public programs. Please contact us if you have any questions.

Yours,

A handwritten signature in black ink, appearing to read 'Ted Wheeler', with a long horizontal flourish extending to the right.

Ted Wheeler,  
State Treasurer