ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda–underwritten by global corporations–includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board --in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

Did you know that global corporation Kraft Foods served as corporate co-chair in 2011?

Resolution Urging Congress to Oppose Measures Designed to Impose Ceilings on Credit Card Rates

Summary

This resolution opposes a national interest rate ceiling on credit cards. The resolution states that such a national cap would be inconsistant with our nation's free market principles and would inhibit the availability of credit. The resolution also explains that comparing credit card interest rates to other interest rates is an invaild comparison. Credit cards incur outside expenses such as sales transaction processing, authorization systems, and monthly billing. Therefore, credit cards interest rates are less responsive to changes in interest rates and should not be forced to adhere to unrealistic caps.

Model Resolution

WHEREAS there is a high level of competition among credit card issuers, the marketplace for credit card credit is intensely competitive. Thousands of banks, credit unions, savings and loans, retailers, and gasoline companies supply credit cards. Even the largest card issuers hold only a small share of the credit card market. The frequent announcement of new entrants into the market demonstrates that there exists a sufficient level of competition; and

WHEREAS it is inconsistant with free market principles to impose what are, in effect, price controls on a competitive market; and

WHEREAS a national interest rate ceiling would inhibit the availability of the credit. The economic effects of a national rate ceiling would be similar to, but more damaging than, those already observed in states with strict ceilings on credit card rates. Claims that a ceiling on interest rates would not restrict availibility on credit cards ignores both historical and economic analysis. Federal controls on credit cards in early 1980 reducted availability of credit. At that time, new cards were selectively issued; minimum payment schedules were increased; and credit card qualifications were tightened. Some banks actually abandoned the business because of the burdens imposed, thus contributing to a temporarily less competitive market; and

WHEREAS consumers value credit cards for reasons other than their function as a means of access to credit. Credit cards represent a safe convenient means of payment accepted almost universally. They offer security, convenience of payment, and ease of access to cash. They serve as a means of indentification and a source of protection against the merchant in the event a dispute with the merchant arises. They reduce the risks associated with carrying large amounts of cash. Credit cards allow consumers the flexibility to choose to pay all charges in full or exercise the credit option. The monthly billing statement also provides the consumer a neat, clear account of all purchases. These valuable services could be denied to many consumers if federal price ceilings on credit cards are enacted; and

WHEREAS credit card plans have not generated excessive profits. The January 1987 Federal Reserve Bulletin states that net earnings of bank card plans before taxes averages 1.9 percent of balances outstanding from 1972 through 1985. This is significantly lower than the average net retunrs on major types of commercial bank loans for the same period: 2.3 percent on real estate mortgages; 2.4 percent on commerical and other loans; and

WHEREAS comparing credit card interest rates to other interest rates is an invaild comparison. In most types of lending, the cost of funds to the lending institution is by far the greatest determinant of the interest rate charged to borrowers. In the case of credit cards, the cost of funds is only approximately 40 percent of the total costs. The cost of administering credit card plans is significantly higher than the cost of administering other types of credit. These additional costs are associoated with sales transaction processing; authorization systems; monthly billing statements; telecommunications costs; error inquiry and resolution costs; and losses from fraud, counterfeiting and defaults. Because pricing of credit card plans relies less on the cost of money than other forms of credit, credit card interest rates are less responsive to changes in interest rates; now

THEREFORE BE IT RESOLVED that the state of (*insert state*) urges Congress to oppose measures designed to place "caps" on credit card interest rates; and

BE IT FURTHER RESOLVED that the Legislature of the State of (*insert state*) also proposes that the legislatures of each of the several states comprising the United States apply to the Congress requesting the enactment of this resolution; and

BE IT FURTHER RESOLVED that the Chief Clerk of the House transmit copies of this resolution to the Secretary of State and presiding officers of the houses of legislature of each of the other states in the Union, to the President and Vice-President of the United States, to the Speaker of the United States House of Representatives, to each Senator and Representative in the Congress of the United States, to the Clerk of the United States House of Representatives, and to the Secretary of the United States Senate.

1995 Sourcebook of American State Legislation