

**NATIONAL SMALL BUSINESS ASSOCIATION (NSBA)
AMERICAN BEVERAGE LICENSEES
AMERICAN SOCIETY OF TRAVEL AGENTS
CENTER FOR RESPONSIBLE LENDING
CONSUMER ACTION
CONSUMER FEDERATION OF AMERICA
DÈMOS: A NETWORK FOR IDEAS & ACTION
FOOD MARKETING INSTITUTE (FMI)
NATIONAL ASSOCIATION OF COLLEGE STORES
NATIONAL ASSOCIATION OF THEATRE OWNERS
NATIONAL COMMUNITY REINVESTMENT COALITION
NATIONAL CONSUMER LAW CENTER (ON BEHALF OF ITS LOW
INCOME CLIENTS)
PETROLEUM MARKETERS ASSOCIATION OF AMERICA
U.S. HISPANIC CHAMBER OF COMMERCE
U.S. PIRG**

May 12, 2009

The Honorable
United States Senate
Washington, D.C. 20515

Dear Senator:

The undersigned organizations strongly support the Landrieu-Snowe Amendment to the *Credit CARD Act of 2009 (H.R. 627/S. 414)*, which would guarantee that the safeguards codified by the bill would apply to the cards used by America's small-business owners.

Although the credit cards of many—if not most—small-business owners are based on the individual owner's personal credit history, it is conceivable that issuers could legally consider them exempt from the *Credit CARD Act's* vital protections. This is due to the bill amending the *Truth in Lending Act (TILA)*, which for the most part applies only to "consumer" and not business credit cards.

TILA defines a "consumer" as a "natural person who seeks or acquires goods, services, or money for personal, family, household use other than for the purchase of real property." While a small-business owner who opens a personal credit-card account and uses it occasionally for business should be covered under *TILA*, it is far from clear that this legislation would protect a small-business owner who used his card exclusively or even primarily for business purposes.

Eighty-six percent of the respondents to NSBA's 2009 Small Business Credit-Card Survey reported using their consumer or business credit-cards primarily or exclusively for business purposes.

While issuers historically have kept most of their small-business cards in compliance with *TILA*, there is no guarantee this convention will continue, especially when one considers that its basis appears to have been practicality and not legal obligation. Without the Landrieu-Snowe Amendment, the *Credit CARD Act* could inadvertently provide an incentive for issuers to break from this precedent.

Congress must correct this oversight and extend the protections of the *Credit CARD Act* to the small-business cards of employers with fewer than 50 employees. It is inconceivable that Congress would knowingly allow issuers to perpetuate—with impunity—practices recognized as “unfair” and “deceptive” against America's small-businesses.

The Landrieu-Snowe amendment also increases *TILA*'s exemption of cards with credit limits of \$25,000 or more to cards with limits of \$50,000 or more. This applicability ceiling has not been changed in decades and would be around \$150,000 if it was merely adjusted for inflation.

The need for increasing this exemption limit is underscored by the NSBA survey: 62 percent of its respondents reported having a credit card with a limit of \$20,000 or more—26 percent reported having a card with a limit of \$20,000 to \$29,000, 20 percent reported having a limit of \$30,000 to \$49,000, and 16 percent reported a limit of more than \$50,000.

America's economy is dependent on a thriving small-business community and entrepreneurs increasingly are reliant on credit cards, which are now the most common source of financing for America's small-business owners. Over half of small- and mid- sized business owners use credit cards to finance their firms.

We urge you to support the Landrieu-Snowe Amendment to the *Credit CARD Act of 2009*.

Sincerely,

National Small Business Association (NSBA)
American Beverage Licenses
American Society of Travel Agents
Center for Responsible Lending
Consumer Action
Consumer Federation of America
Demos: A Network for Ideas & Action
Food Marketing Institute (FMI)
National Association of College Stores
National Association of Theatre Owners
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low income clients)
Petroleum Marketers Association of America
U.S. Hispanic Chamber of Commerce
U.S. PIRG