



March 25, 2011

The Honorable Nita Lowey
United States House of Representatives
Washington, D.C. 20515

Dear Congresswoman Lowey:

The National Small Business Association is pleased to support the *Small Business Credit Card Act of 2011 (H.R. 1137)*, which would extend the protections previously codified by the U.S. Congress to the credit cards used by America's small-business owners. Reaching 150,000 small-business owners across the nation, NSBA is the country's oldest small-business advocacy organization.

Although the credit cards of many—if not most—small-business owners are based on the individual owner's personal credit history, the cards are exempt from the credit-card reform legislation signed in 2009 by the president. This is due to the law 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 law will protect a small-business owner who uses his/her 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 based on practicality and not legal obligation. In fact, given the absence of any explicit protection for the cards small-business owners use, the recent reforms inadvertently provided an incentive for issuers to break from this precedent.

Congress must correct this oversight and extend equal protection to the cards used by small-business owners with 50 or fewer 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.

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

NSBA is pleased to support the *Small Business Credit Card Act of 2011* and thanks you for your continued leadership on this critical issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd O. McCracken", written over a horizontal line.

Todd O. McCracken
President