



March 11, 2008

The Honorable Carolyn Maloney
United States House of Representatives
2331 Rayburn Office Building
Washington, D.C. 20510

Dear Representative Maloney:

The National Small Business Association is pleased to support *H.R. 5244, the Credit Cardholders' Bill of Rights*. Reaching 150,000 small-business owners across the nation, NSBA is the country's oldest small-business advocacy organization.

Credit cards are critical to America's small businesses. Many small and startup businesses lack the assets necessary for traditional bank loans, and on-going bank consolidation and the increased usage of personal credit ratings for business owners have resulted in fewer community and character-based loans. In turn, small businesses increasingly are obtaining vital business capital from credit cards.

In a nationwide NSBA survey, 44 percent of small- and mid- sized business owners identified credit cards as a source of financing that their company had used in the previous 12 months—more than any other source of financing, including business earnings. Although they are increasingly turning to credit cards for financing, more than half of small businesses report that the terms of their credit cards are worsening. This is not good news for America's economy, which is heavily reliant on a robust and thriving small-business community.

To this end, NSBA supports credit-card reform. For far too long, the credit-card industry has been allowed to engage in acts in direct violation of free-market capitalism and fundamental fairness. It is time to curtail or prohibit the more egregious examples of these practices.

Congress must remain vigilant, however, of any unintended consequences arising from efforts to reform the practices of the credit-card industry. Any enacted legislation must be carefully constructed and meticulously monitored to avoid further restricting small businesses' access to capital. For instance, proposals to require cardholders to demonstrate proof of income would be highly detrimental to aspiring entrepreneurs.

NSBA strongly encourages Congress and the administration to fully support small businesses as the true centers of growth in the U.S. economy and take the lead in ensuring that injurious credit-card practices are not inhibiting small-business growth and harming America's economy. NSBA applauds you for your leadership on this vital issue and for recognizing the important connection between needed credit-card reform and the essential role small business plays in the U.S. economy.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", with a long horizontal flourish extending to the right.

Todd O. McCracken
President