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October 18, 2023

Dear Senator:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in support of S.J. Res. 32, *providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Bureau of Consumer Financial Protection relating to "Small Business Lending Under the Equal Credit Opportunity Act (Regulation B)."* **A vote in support of S.J. Res. 32 will be considered an NFIB Key Vote for the 118th Congress.**

S.J. Res. 32 would repeal the Consumer Financial Protection Bureau's (CFPB) small business lending rule, commonly referred to as the CFPB 1071 rule. The CFPB 1071 rule requires financial institutions to compile, maintain, and submit small business lending data to CFPB. NFIB is concerned that this rulemaking will be burdensome to both the small business owners applying for credit as well as the small financial institutions that lend to small business owners. Small business owners will be required to file increased paperwork on demographic information before being eligible for a loan.¹ This burden placed squarely on small business owners is not required by larger firms. This new paperwork burden is in addition to new beneficial ownership paperwork, beginning on January 1, 2024, and targeted squarely at the smallest firms, those with 20 or fewer employees.

According to a recent survey, 67% of all NFIB members use a small/regional financial institution for their credit needs with an additional 17% using a medium-sized institution.² This survey data clearly demonstrates that small financial institutions are the preferred lenders of most small businesses. NFIB is concerned that this regulation will have a negative impact on small financial institutions. Small banks and credit unions, like all small businesses, don't have as many employees dedicated to compliance and paperwork as large banks do. The rule will disproportionately affect small banks and has the potential to affect the access to credit of their small business customers.

NFIB strongly supports S.J. Res. 32 and will consider a vote on it as an NFIB Key Vote for the 118th Congress.

Sincerely,

A handwritten signature in black ink that reads "Kevin Kuhlman". The signature is written in a cursive, slightly slanted style.

Kevin Kuhlman
Vice President, Federal Government Relations
NFIB

¹ NFIB Comments on "Request for Information Regarding the Small Business Lending Market," Docket No. CFPB-2017-0011, Consumer Financial Protection Bureau, July 28, 2017, <https://www.regulations.gov/comment/CFPB-2017-0011-0025>.

² Holly Wade and Madeleine Oldstone, *Banking Survey*, NFIB Research Center, May 2023, <https://strgnfibcom.blob.core.windows.net/nfibcom/Banking-Survey-2023.pdf>.