



April 30, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

RE: Support the Small Business Lending Enhancement Act (S. 2231)

Dear Majority Leader Reid and Republican Leader McConnell:

As conservative, libertarian, and free-market organizations concerned about government regulatory overreach, we're writing to you to urge that you bring up for consideration the Small Business Lending Enhancement Act, the credit union deregulation bill (S. 2231) co-sponsored by Mark Udall (D-Colo.) and Rand Paul (R-Ky.), or any similar measure lifting the arbitrary cap on member business lending by credit unions.

Here are the facts: This credit union deregulation bill is a simple measure with significant benefits. S. 2231 would lift but not eliminate burdensome regulations that have, since 1998, made it difficult for credit unions to lend money to the businesses of their member account holders.

Doing away with these regulations would inject over \$13 billion into the economy and foster the creation of up to 140,000 new jobs in its first year, all at no cost to taxpayers. As the economy is struggling to kick-start, this bill would give businesses much-needed capital to expand by simply raising the arbitrarily low lending cap.

The big winners will be small business entrepreneurs—job creators—who belong to credit unions. Many of these entrepreneurs have a difficult time getting capital elsewhere. Since two of the largest credit unions focus their efforts largely on military populations, veteran-owned businesses are also likely to reap particularly large benefits if this bill becomes law.

We also wish to address some serious misconceptions being spread about the bill. Contrary to opponents' claims, the bill is a major form of assistance for small business. While it's true that most credit unions currently do not lend to businesses in a significant way, that is only because the current, burdensome lending cap makes it economically infeasible for them to do so. Sensible deregulation would allow many well-capitalized smaller credit unions to expand business lending. Finally, it simply boggles the mind to suggest that the banking industry as a whole would suffer any damage from this bill: banks currently have a 95 percent market share. Most of the new credit loans will almost certainly go to businesses that wouldn't get any loans at all today, and credit unions would specialize in serving the types of businesses of their member populations.

The bottom line is this: The bill is a sound, free-market, deregulatory action that will create jobs, help small business, and assist veterans. It deserves your support.

Yours truly,

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Senior Fellow for Finance and Access to Capital
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Eli Lehrer
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