



HB 693 - Commercial Financing - Small Business Truth in Lending Act
House Economic Matters Committee
February 11, 2025
SUPPORT

Chair Wilson, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 693. This bill will protect business owners from predatory lending.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Small businesses are the backbone of Maryland's economy, driving local job creation and community development. Many of these businesses are being trapped in opaque and exploitative financing agreements with exorbitant and undisclosed annual percentage rates (APRs). Studies show that Maryland small businesses are overpaying an estimated \$237 million annually in unnecessary interest and fees, with Black-owned businesses facing \$72 million in overcharges and Hispanic-owned businesses \$26 million. These financial burdens strip communities of resources needed to build wealth, hire employees, and invest in local economies.

HB 693 is a common-sense measure that ensures small business owners have access to clear and transparent lending disclosures. By requiring financing companies to disclose key loan terms like APRs, total repayment amounts, and financing charges, this bill empowers business owners to make informed financial decisions.

CASH is committed to the economic empowerment of small businesses in Maryland and, we know that small businesses thrive when they can access fair and transparent credit.

HB 693 will help small businesses by:

- Preventing predatory lending practices that disproportionately harm minority entrepreneurs,
- Encouraging responsible lending that allows businesses to grow sustainably, and
- Giving small business owners the tools to compare financing options and select the best terms for their needs.

Creating Assets, Savings and Hope



We urge the committee to pass HB 693 to protect Maryland's small business community from exploitative lending practices and to foster a stronger, more equitable economy.

Thus, we encourage you to return a favorable report for HB 693.

Creating Assets, Savings and Hope