



February 18<sup>th</sup>, 2026

Chair Pamela Beidle  
 Senate Finance Committee  
 3 East Miller Senate Office Building  
 Annapolis, Maryland 21401

RE: Support for SB881 (Kramer), The Small Business Truth in Lending Act

Chair Beidle, Vice Chair Hayes and Honorable Members of the Senate Finance Committee,

Small businesses are celebrated as the backbone of the economy. But today, the law is allowing financing companies to charge small business owners APRs of 200% or more without ever transparently disclosing these rates.<sup>1</sup> The undersigned organizations represent a consensus of over one thousand small business groups, for-profit financing providers, and nonprofit civil rights groups and community advocates. Across our many differences, we agree that small businesses deserve to see transparent prices when shopping for financing. We urge you to pass SB881 (Kramer), the Small Business Truth in Lending Act.

SB881 closes the regulatory gap that is excluding small business owners from the transparent pricing protections that otherwise apply whenever a person takes a loan. The US Treasury Department under President Biden explained that, “Unlike consumer loans, which are subject to standardized disclosures such as in the Truth in Lending Act, there are no standardized terms or disclosures [for small business financing] making the comparison of products across different lenders and loan types difficult.”<sup>2</sup> SB881 would require transparent disclosure of prices and terms, just as consumers have benefited under the federal Truth in Lending Act since 1968.

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<sup>1</sup> US Department of the Treasury, “[Financing Small Businesses: Landscape and Policy Recommendations](#),” Jan 2025.  
<sup>2</sup> Id. For solutions, the US Treasury Department report points to the proposals of our coalition member Responsible Business Lending Coalition as “model.”

We project that this bill would save Maryland small businesses an estimated \$237 million dollars per year—simply by making it possible for business owners to compare the prices of different financing options and sometimes choose a lower-cost option IF they want to. Hispanic business owners would save an estimated \$26 million of this every year, and Black business owners would save an estimated \$72 million. These transparency standards are vetted and already in place in New York and California, where they help small business owners every day.

The need is urgent and clear. The Federal Reserve has published no less than five studies finding that small businesses are being misled by the lack of transparency in small business financing.<sup>3</sup> The Federal Reserve finds that some small business financing companies today are quoting prices using “non-standard” price metrics that can misguide small business owners into more expensive financing.<sup>4</sup> Maryland small businesses are paying unnecessarily high prices as a result.

The Federal Reserve research also points to solutions: when small business owners are provided a price disclosure that includes the Annual Percentage Rate (APR), “a majority of participants commented that APR was among its most helpful details.”<sup>5</sup> APR is essential because it is the unit price of financing, just as the price-per-gallon is the unit price of gasoline and miles-per-hour is the common unit for a car’s speed. Unlike any other metric, APR enables apples-to-apples comparison between financing options of different amounts, structures, expected term lengths, or combinations of interest and fees. In addition to APR, the dollar cost of capital is also an important number to consider when comparison shopping, and it is also required in this bill.

This bill does not restrict any product or price from being offered. It does not limit access to capital in any way. It simply requires price transparency. Financing companies offering “higher-cost, less-transparent credit products” (to quote the Federal Reserve)<sup>6</sup> may try and convince you to carve them out of this transparency framework or exempt them from APR disclosure. But these “less-transparent” practices are why this bill is needed.

APR or Estimated APR can be calculated for any financing product, regardless of its structure, fees, or term length. After all, the Estimated APR a financing company expects to charge is the same annualized rate that the financing company expects to earn. Many of us are financing providers ourselves and can attest that we couldn’t lend without knowing what we expect to earn. In any case, any dollar that a high-rate financing company loses because their customers were able to compare prices is a dollar that a Maryland small business will have chosen to save. Let’s keep that \$237 million every year in Maryland, growing businesses, jobs, and prosperity.

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<sup>3</sup> Federal Reserve Bank of Cleveland, “[Clicking for Credit: Experiences of Online Lender Applicants from the Small Business Credit Survey](#),” August 2022; Board of Governors of the Federal Reserve System, “[Uncertain Terms: What Small Business Borrowers Find When Browsing Online Lender Websites](#),” December 2019; Board of Governors of the Federal Reserve System, “[Searching for Small Business Credit Online](#),” Consumer and Community Context, Nov 2019, Vol 1, No 2; Federal Reserve Board of Governors, “[Browsing to Borrow: ‘Mom & Pop’ Small Business Perspectives on Online Lenders](#),” June 2018; Federal Reserve Bank of Cleveland, “[Alternative Lending through the eyes of ‘Mom & Pop’ Small-Business Owners](#),” August 2015.

<sup>4</sup> Federal Reserve (2018)

<sup>5</sup> Federal Reserve (2019)

<sup>6</sup> Federal Reserve Bank of Atlanta, “[Report on Minority-Owned Firms](#),” Dec 2019. See page IV, describing “higher-cost and less-transparent credit products.”

Entrepreneurs deserve access to capital that will help their businesses thrive, not force them out of business. And yet 28% of business owners report that they were harmed by predatory lending *within the past year*. Among Black business owners, 37% say they were harmed.<sup>7</sup> Marylanders deserve to know the price they would pay. Please email [CLocklair@MDRA.org](mailto:CLocklair@MDRA.org) if we can be of any assistance.

Sincerely,

**Small Business Associations**

- Maryland Retailers Alliance
- Greater Baltimore Urban League
- National Urban League
- Small Business Majority

**Nonprofit Small Biz & Community Advocates**

- Association for Enterprise Opportunity (AEO)
- CASH Campaign of Maryland
- Community Development Network of Maryland
- Economic Action Maryland
- LatinoProsperity
- National Association for Latino Community Asset Builders (NALCAB)
- National Community Reinvestment Coalition (NCRC)
- Rebirth, Inc.
- Small Business Anti-Displacement Network
- Woodstock Institute

**Industry and Lenders**

- Maryland Bankers Association
- Baltimore Community Lending
- Accion Opportunity Fund
- African American Alliance of CDFI CEOs
- American Fintech Council
- Bluevine
- City First Enterprises
- Latino Economic Development Center
- Lendistry
- Nav
- Opportunity Finance Network (OFN)
- Responsible Business Lending Coalition

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<sup>7</sup> Goldman Sachs, "[New Survey Data Shows Black Small Business Owners Less Likely to Secure Loans](#)," Feb 2024.