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National Association of Federally-Insured Credit Unions

June 12, 2023

The Honorable Roger Williams
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Re: Tomorrow's Hearing: "Assisting Entrepreneurs: Examining Private and Public Resources Helping Small Businesses"

Dear Chairman Williams and Ranking Member Velázquez:

I write today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's hearing, "Assisting Entrepreneurs: Examining Private and Public Resources Helping Small Businesses." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 135 million consumers with personal and small business financial service products. NAFCU appreciates the Committee's ongoing commitment to help increase access to capital for entrepreneurs and strengthen the American economy.

Credit unions have evolved as small business lenders over the past two decades, and NAFCU and our credit union members share the Committee's goal of empowering entrepreneurs and strengthening small businesses in America. Over the past five years, 57 percent of business loans made by credit unions were under \$150,000, compared to 46 percent of loans under \$150,000 for other lenders. NAFCU recognizes the need for smaller loans for small businesses, and that is why we have supported legislation such as the Member Business Loan Expansion Act, from the 117th Congress, which would make it easier for credit unions to offer smaller business loans under \$100,000 by ensuring these loans do not count toward the arbitrary credit union member business lending (MBL) cap. We believe bipartisan approaches such as this legislation provide small businesses with an additional alternative to get the support they need in a timely manner.

By raising the definition of an MBL to exclude net aggregate loans less than \$100,000, we would quickly see increased loan availability, reduced burdens on borrowers, and it would make it easier for federal credit unions (FCUs) to make these loans. This would benefit the communities credit unions serve as well as the U.S. economy as a whole. It would also help to meet an unmet need. Studies have shown that the majority of FCU member business lending is new lending that would not have occurred otherwise.

In particular, credit unions are an important resource for our nation's veterans in their small business and entrepreneurial endeavors. Service members develop broad expertise across many

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disciplines while in the military, learning skills that can provide tremendous value to the economy. After great personal sacrifice, these Americans deserve every opportunity for success in their transition back to civilian life. One way Congress can help is to support legislation that would provide relief to barriers that stand in the way of veterans accessing credit for small businesses. NAFCU supports the Veterans Member Business Loan Act, introduced in the Senate by Sens. Dan Sullivan and Mazie Hirono as S. 539, which would exempt loans made to veterans from the MBL cap. NAFCU has encouraged the Senate to act on this bill and would also encourage the House Small Business Committee to support an introduction in the House.

We thank you for the opportunity to share our thoughts on the importance of improving access to capital for entrepreneurs and strengthen the American economy. Should you have any questions or require any additional information, please contact me or Amber Milenkevich, NAFCU's Senior Associate Director of Legislative Affairs, at amilenkevich@nafcu.org.

Sincerely,



Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Small Business Committee