



SBLC WEEKLY

Via E-mail
May 18, 2009

Volume XI, Issue 19

SMALL BUSINESS ANGLE IN CONSUMER CREDIT DEBATE

As I have been reporting, Congress is considering consumer credit card holder protection legislation. The House has passed a version, H.R. 627, and the Senate may approve a version this week. There is a key cloture vote early in the week.

There was one interesting development last week. Senators Mary Landrieu (D-LA) and Olympia Snowe (R-ME), the Chair and the Ranking Member of the Small Business Committee, offered an amendment to afford the same protections given to consumers under the pending bill to small businesses that use credit cards for their purchases. The amendment was withdrawn but it clearly was very popular. The sponsors have indicated this proposal will be attached to a bill they are working on in their committee regarding Small Business Administration programs.

The Truth in Lending Act (TILA) is a quirky law plagued with the results of the sloppy drafting habits of Congress and the regulatory agencies. The pending legislation has a lot of changes that affect "credit card accounts under open credit plans." The amendment provides that small businesses that use credit cards for purchases would get the same protections as consumers under the provisions "for credit card accounts." What we do not want is it to apply to all open end credit plans. What we do not want is to muddy the

water on trade credit, that is, the credit one business provides to another. I think we are okay but I am double checking with folks to make sure. A long time pet peeve of mine is the current state of sloppy legislative drafting (See CPSIA). Back in the day when we walked to school through four foot snow drifts we never allowed for such casual legislative drafting.

CAP AND TRADE

As I have been reporting, the House Energy and Commerce Committee has been working on a greenhouse gas emissions restriction bill. It is based on a "cap and trade" approach to managing those emissions and the cap does not refer to putting a cover on a smokestack. The government would set an overall emissions' limit, that's the cap. It would then issue allowances or permits for portions of the emissions. The holders of the allowances would be able to sell them on the open market if the holders do not need them; that's the "trade". Under the original draft, most of the original allowances would have been sold by the government. The big open question was "what would the government do with the revenues?" Well, the Energy and Commerce Committee has almost rendered that aspect a moot point. The majority of the allowance permits will be given to the various industries (e.g. electricity producers) without charge. The government will still get some revenues but not much. The permits

could still be traded on the open market. The Energy and Commerce Committee hopes to approve a bill by the end of the week. Don't ask Uncle Sam for your allowance yet - a whole lot of other folks on the Hill still have an opportunity to have their say.

IT'S OFFICIAL - IT'S GREEN

Last week I wrote the Department of Treasury was about to release its explanation of the revenue proposals in the President's proposed Fiscal Year 2010 budget. In recent times it had been called the "Blue Book" because of the color of its cover. I had heard it was going to be green, and the joke was that was the Treasury Department's contribution to the President's environmental agenda. Well, it was green. It made me see red. It did include the proposal to require every business to issue a Form 1099 to every service vendor it engages over the course of year to which the business pays more than \$600 for the services rendered.

NATIONAL SMALL BUSINESS WEEK

This week the federal government celebrates National Small Business Week. Fifty small business owners will be honored in Washington for their success. In the current economic situation it is hard to be upbeat, but it is a wonderful honor for the owners selected from their states.