



**STATEMENT FOR THE RECORD: ASM. JUDICIARY COMMITTEE ON
SB 33: APR DISCLOSURE**

Tuesday, June 20, 2023

Bianca Blomquist
California Policy Director, Small Business Majority

Thank you, Chairman Maienschein, Vice Chair Essayli, and Members of the Committee:

My name is Bianca Blomquist and I'm Policy Director for Small Business Majority, a national research and education organization that empowers America's entrepreneurs to make informed decisions about their business and their livelihood, particularly as they compare the cost of various commercial financing products.

I am testifying on behalf of SB 33 because SB 33 protects SB 1235's most critical protection: disclosure of the Annual Percentage Rate (APR). APR is the only pricing metric that includes all the rates and fees over a common unit of time. It is the metric that borrowers know and trust because it is already mandated for consumer loans. The following story demonstrates how APR is critical for the small business borrowers I work for:

Darren and Natasha Preston of Oakland opened Malibu's Burgers in 2019. They struggled to access capital necessary to open additional locations through traditional banks, and government-backed programs effectively left them behind. In 2022, the entrepreneurs filed for Chapter 11 bankruptcy, alleging they fell prey to a "bad loan" with an alternative online lender that provides financing with opaque and changing terms, trapping Darren and Natasha in a cycle of high-cost debt.

One year and \$30,000 in interest later, their balance was higher than the cost of their original loan of \$85,000, which ultimately became unfeasible for them to repay. This lack of transparency is how countless other business owners like Darren and Natasha have been exploited by high-cost financing and predatory practices.

Passing SB 33 presents an opportunity for California lawmakers to set the standard for the rest of the country. Since the passage of SB 1235, New York has passed a similar bill and the 118th Congress has introduced federal truth-in-lending legislation.

We are glad to see policymakers continue to protect this critical component to SB 1235, as SB 33 provides the price transparency that small business owners deserve.

Thank you for your leadership and I look forward to any questions.