

Opinion Poll

Colorado Small Businesses Strongly Oppose Raising Loan Interest Rates

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Small Business Majority

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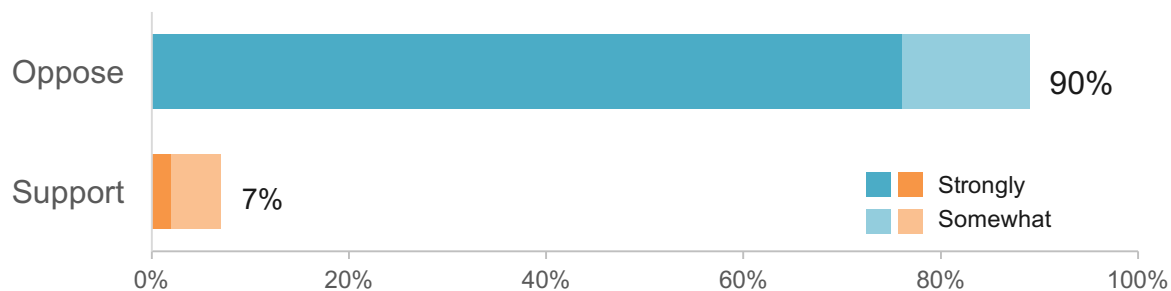
www.smallbusinessmajority.org

Executive Summary

Small business owners soundly reject efforts to increase the interest rates lenders can charge on certain consumer loans and results strongly suggest state legislators who support such increases would pay the price at the polls. According to a scientific poll of Colorado small business owners, an overwhelming **90% oppose** allowing lenders to increase the interest they can charge on a \$3,000 consumer loan from 28% a year to 30% a year and allow increases based on inflation for each subsequent year. More than three-quarters (76%) *strongly oppose* it.

Figure 1: Small business owners overwhelmingly oppose proposed legislation that would allow lenders to increase interest rates on consumer loans

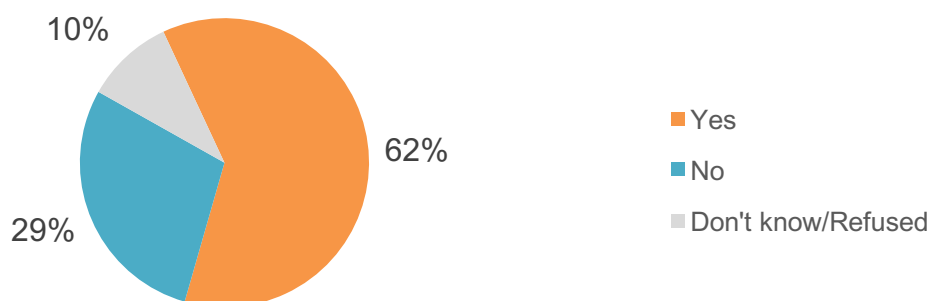
Under current law, lenders can charge 28% a year for a \$3,000 consumer loan. There is proposed legislation that would increase the maximum rate to 30% a year and allow increases based on inflation for each subsequent year. Would you support or oppose this increase in the interest rate that lenders can charge?



These loans are typically those offered to people with weak credit or other issues that make such loans riskier, but the loan sizes could be appealing to small business. According to the poll, 62% of the small business respondents say small business owners would consider taking a consumer loan of \$1,000 to \$10,000, the loan size typically offered by such lenders.

Figure 2: Small business respondents say small business owners would consider taking a consumer loan of \$1,000 to \$10,000

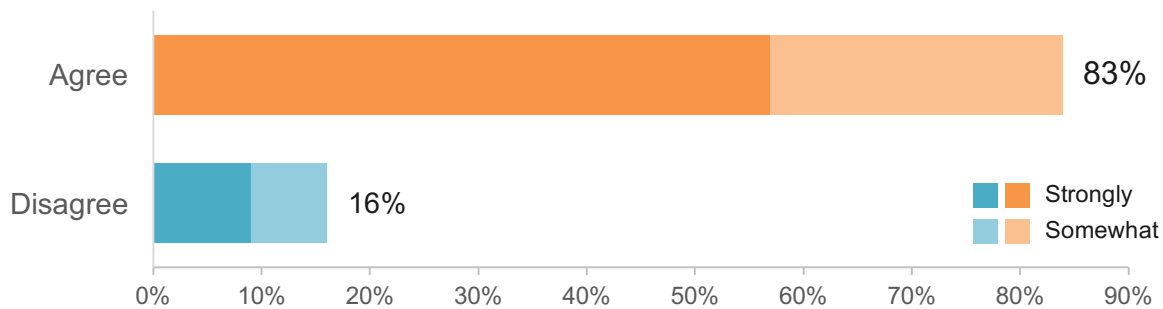
Do you think a small business owner would ever consider taking consumer loans that typically range from \$1,000 to \$10,000?



Despite a veto of similar legislation by Gov. John Hickenlooper last year, legislation on this issue is again being debated by the state legislature. Small business owners in the state think such interest rates hurt all small businesses, not just those in need of financing. Seventy-four percent of small business owners agree that higher rates mean less profits, difficulty creating new jobs and less money for small business owners or their employees to spend at other small businesses.

What's more, small business owners are concerned about how raising interest rates on such loans could negatively affect their employees. Eighty-three percent of small business owners agree that moderate and low-income people employed by small businesses could seek a loan from these types of lenders and that raising interest rates will increase the financial strain on those that can least afford it.

Figure 3: Small business owners agree that raising interest rates will increase the financial strain on those that can least afford it



Additional poll findings

- After learning more about the proposed legislation, including arguments in favor, small business owner opposition stayed firm **with 89% continuing to oppose it.**
- **76% of respondents would be less likely** to vote for a state representative who voted to increase the maximum interest rates lenders in Colorado can charge—51% of them, much less likely.
- On a different issue, **68% of small business owners surveyed support** a change in Colorado law that would limit the Annual Percentage Rate lenders can charge on payday loans to 36%. Payday lenders in Colorado currently charge annual percentage rates of more than 120% on payday loans.

Methodology

This poll reflects a combined internet and telephone survey of 400 Colorado small business owners, conducted by Chesapeake Beach Consulting with a margin of error of +/- 5 %. The survey was conducted from April 20 to 28, 2016.

About Us

Small Business Majority was founded and is run by small business owners to focus on solving the biggest problems facing small businesses today and to ensure that America's entrepreneurs are a key part of an inclusive, equitable, diverse economy. Since 2005, we have actively engaged small business owners and policymakers in support of public policy solutions, and have delivered information and resources to entrepreneurs that promote small business growth and drive a strong, sustainable job-creating economy. We are a team of more than 30 working from our 11 offices in Washington, D.C., and nine states: California, Colorado, Illinois, Maryland, Michigan, Missouri, Ohio, New York and Virginia. We regularly engage our network of 45,000 small business owners and more than 2,000 business organizations, along with a formal strategic partnership program of more than 125 business organizations, enabling us to reach more than 500,000 entrepreneurs. Our extensive scientific polling, focus groups and economic research help us educate and inform policymakers, the media and other stakeholders about key issues impacting small businesses and freelancers, including access to capital, taxes, healthcare, retirement, entrepreneurship, workforce development, clean energy and immigration.

Poll Toplines

Small Business Majority
April 20-28, 2016
400 Colorado Small Business Owners

1. Record respondent's gender

Total	Phone	Online	
48%	46%	53%	Male
52%	54%	47%	Female

2. Do you own your own business?

Total	Phone	Online	
100%	100%	100%	Yes

3. How many people do you employ full-time, including yourself but not including contractors?

Total	Phone	Online	
20%	8%	54%	1
20%	17%	27%	2-3
14%	16%	8%	4-5
17%	21%	6%	6-10
16%	21%	2%	11-20
14%	17%	3%	21+
0%	0%	0%	Refused

4. How many people do you employ part-time? These would be people you employ who require a W-2 form.

Total	Phone	Online	
43%	35%	68%	0
14%	14%	16%	1
12%	12%	11%	2
11%	13%	3%	3-5
10%	12%	2%	6-10
11%	14%	0%	11+
0%	0%	0%	Refused

5. Approximately how many people have you employed as contractors or 1099 employees over the past year?

Total	Phone	Online	
38%	36%	44%	0
9%	7%	13%	1
10%	10%	10%	2
11%	10%	14%	3-4
14%	14%	14%	5-10
19%	23%	5%	11+
0%	0%	0%	Refused

6. How long have you been in business?

Total	Phone	Online	
4%	3%	5%	Less than one year
8%	5%	17%	One to three years
11%	12%	8%	Four to six years
11%	10%	13%	Seven to 10 years
66%	69%	57%	More than 10 years
1%	1%	0%	Don't know/Refused

7. Do you think a small business owner would ever consider taking consumer loans that typically range from \$1,000 to \$10,000?

Total	Phone	Online	
62%	58%	73%	Yes
29%	35%	9%	No
10%	7%	18%	Don't know/Refused

8. Legislation was recently introduced in the Colorado State Senate to allow lenders to increase the interest they charge on certain consumer loans. Similar legislation was vetoed by the Governor last year. Thinking about the topic of these high interest loans, sometimes called payday loans... would you say that you know a great deal about this type of loan, a fair amount, not too much or nothing at all?

Total	Phone	Online	
6%	5%	9%	A great deal
27%	23%	37%	A fair amount
23%	21%	27%	Not too much
43%	50%	24%	Nothing at all
1%	<1%	3%	Don't know/Refused
33%	29%	46%	TOTAL GREAT DEAL/FAIR
66%	71%	51%	TOTAL NOT TOO MUCH/NOTHING

9. Under current law, lenders can charge 28% a year for a \$3,000 consumer loan. There is proposed legislation that would increase the maximum rate to 30% a year and allow increases based on inflation for each subsequent year. Would you support or oppose this increase in the interest rate that lenders can charge?

Total	Phone	Online	
2%	2%	3%	Strongly support
5%	5%	6%	Somewhat support
13%	13%	14%	Somewhat oppose
76%	77%	73%	Strongly oppose
4%	3%	4%	Don't know/Refused
7%	6%	9%	TOTAL SUPPORT
90%	90%	87%	TOTAL OPPOSE

10. Payday lenders in Colorado charge annual percentage rates or APRs of over 120% on payday loans. Would you support or oppose a change in Colorado law which limits the interest rates that payday lenders can charge to 36% APR?

Total	Phone	Online	
50%	50%	50%	Strongly support
21%	19%	28%	Somewhat support
6%	7%	5%	Somewhat oppose
20%	21%	14%	Strongly oppose
3%	3%	3%	Don't know/Refused
71%	68%	78%	TOTAL SUPPORT
26%	28%	19%	TOTAL OPPOSE

I would now like to read to you some statements proponents of allowing lenders to increase the percentage of interest they charge on loans of less than \$3,000 have made. After I read each statement please tell me whether or not that statement is a convincing argument to support allowing lenders to increase the interest rate they charge on loans of less than \$3,000.

11. In order to stay in business, lenders say they need to raise rates.

Total	Phone	Online	
4%	3%	5%	Very convincing
12%	13%	9%	Somewhat convincing
15%	12%	21%	Not too convincing
68%	70%	62%	Not convincing at all
2%	1%	3%	Don't know/Refused
16%	17%	14%	TOTAL CONVINCING
83%	82%	83%	TOTAL NOT CONVINCING

12. Lenders say that if they are allowed to raise rates more credit would be available for those businesses that need short term financial help.

Total	Phone	Online	
2%	1%	3%	Very convincing
20%	21%	18%	Somewhat convincing
20%	18%	25%	Not too convincing
59%	60%	53%	Not convincing at all
<1%	0%	1%	Don't know/Refused
22%	22%	21%	TOTAL CONVINCING
78%	78%	78%	TOTAL NOT CONVINCING

13. These types of loans allow people with bad credit or those considered credit risks to work to improve their credit scores, while at the same time provide needed funds to keep small business and people afloat.

Total	Phone	Online	
4%	3%	5%	Very convincing
28%	32%	17%	Somewhat convincing
22%	17%	37%	Not too convincing
45%	47%	39%	Not convincing at all
2%	1%	2%	Don't know/Refused
32%	35%	22%	TOTAL CONVINCING
67%	63%	76%	TOTAL NOT CONVINCING

I would now like to read to you some statements opponents of allowing lenders to increase the percentage of interest they charge on loans of less than \$3,000 have made. After I read each statement please tell me whether or not that statement is a convincing argument to oppose allowing lenders to increase the interest rate they charge on loans of less than \$3,000.

- 14.** At 28%, lenders are making a healthy profit at current rates. Raising the interest rates they can charge will only hurt working families.

Total	Phone	Online	
43%	36%	63%	Very convincing
36%	38%	29%	Somewhat convincing
7%	8%	4%	Not too convincing
13%	17%	1%	Not convincing at all
1%	1%	3%	Don't know/Refused
79%	74%	92%	TOTAL CONVINCING
20%	25%	5%	TOTAL NOT CONVINCING

- 15.** Increasing rates from 28% to 30% and allowing annual increases based on inflation hurts all small businesses, not just those in need of financing. Higher rates mean less profits, difficulty creating new jobs and less money for small business owners or their employees to spend at other small businesses.

Total	Phone	Online	
43%	39%	52%	Very convincing
32%	34%	23%	Somewhat convincing
10%	8%	13%	Not too convincing
15%	17%	7%	Not convincing at all
2%	1%	5%	Don't know/Refused
74%	74%	75%	TOTAL CONVINCING
24%	26%	20%	TOTAL NOT CONVINCING

- 16.** The moderate and low income people employed by small businesses are those most likely to seek a loan from these types of lenders. Raising interest rates will increase the financial strain on those that can least afford it.

Total	Phone	Online	
57%	56%	58%	Very convincing
27%	27%	25%	Somewhat convincing
7%	6%	10%	Not too convincing
9%	10%	4%	Not convincing at all
1%	<1%	3%	Don't know/Refused
83%	83%	83%	TOTAL CONVINCING
16%	16%	14%	TOTAL NOT CONVINCING

17. Now that you know a little bit more about this legislation, would you support or oppose this increase in the interest rate that lenders could charge?

Total	Phone	Online	
3%	2%	5%	Strongly support
6%	5%	6%	Somewhat support
16%	15%	20%	Somewhat oppose
73%	76%	64%	Strongly oppose
3%	3%	5%	Don't know/Refused
8%	7%	11%	TOTAL SUPPORT
89%	90%	84%	TOTAL OPPOSE

18. Thinking ahead to the November election, would you be more likely or less likely to vote for a state representative who voted to increase the maximum interest rates lenders in Colorado can charge?

Total	Phone	Online	
3%	2%	5%	Much more likely
3%	2%	4%	Somewhat more likely
25%	25%	22%	Somewhat less likely
51%	50%	56%	Much less likely
15%	17%	8%	It would not make a difference in my vote
4%	4%	5%	Don't know/Refused
6%	5%	9%	TOTAL MORE LIKELY
76%	75%	78%	TOTAL LESS LIKELY

Now, I have just a few questions for statistical purposes...

19. How would you categorize your business?

Total	Phone	Online	
3%	3%	3%	Administrative support and accounting
4%	5%	1%	Agriculture
7%	5%	12%	Arts, entertainment and recreation
8%	9%	4%	Construction
5%	4%	7%	Finance and insurance
2%	2%	4%	Information technology
2%	1%	4%	Legal
7%	7%	5%	Manufacturing
7%	8%	4%	Medical or dental
4%	4%	6%	Real estate
11%	14%	1%	Restaurant or food service
9%	9%	9%	Retail (such as a shop or store)
6%	6%	5%	Retail services (such as car repair, home repair, landscaping)
2%	1%	4%	Scientific and technical services
3%	2%	5%	Wholesale trade
22%	21%	25%	Other
1%	1%	1%	Not sure/Refused to answer

20. In what year were you born?

Total	Phone	Online	
11%	12%	5%	18-29
17%	16%	19%	30-44
22%	23%	20%	45-54
30%	30%	29%	55-64
19%	16%	27%	65+
3%	3%	0%	Refused

21. Generally speaking, do you think of yourself as a **(ROTATE)** Republican, a Democrat, or an Independent?

Total	Phone	Online	
20%	18%	25%	Democrat
46%	51%	30%	Independent
28%	24%	38%	Republican
3%	2%	4%	Other
5%	5%	3%	Don't know/Refused

22. IF INDEPENDENT, OR OTHER OR DON'T KNOW, ASK: Do you think of yourself as closer to the **(ROTATE)** Republican or Democratic Party? N=195

Total	Phone	Online	
24%	25%	17%	Closer to Democrats
32%	31%	36%	Closer to Republicans
37%	38%	33%	Neither
8%	5%	14%	Don't know/Refused

23. Again, just for statistical purposes, what was the gross revenue of your business in 2015? Just stop me when I get to the right category.

Total	Phone	Online	
20%	10%	51%	Less than \$100,000
13%	12%	15%	Between \$100,000 and \$250,000
13%	13%	10%	Between \$250,001 and \$500,000
14%	17%	5%	Between \$500,001 and \$1 million
11%	14%	3%	Between \$1 million and \$2 million
9%	10%	6%	Between \$2 million and \$5 million
5%	6%	0%	More than \$5 million
16%	17%	10%	Don't know/Refused

24. What is your race?

Total	Phone	Online	
80%	78%	85%	White
1%	1%	2%	African American or Black
5%	4%	5%	Hispanic of Chicano
2%	2%	3%	Asian or Pacific Islander
<1%	<1%	0%	American Indian
1%	1%	0%	Other
5%	6%	2%	Biracial or multiracial
7%	8%	3%	Don't know/Refused