

if a promotional rate expires, if the rate adjusts as part of a variable rate, or if the cardholder fails to comply with a workout agreement.

The bill requires card companies to give 45 days notice of all interest rate increases or significant contract changes (e.g. fees).

Requires companies to let consumers set their own fixed credit limit that cannot be exceeded.

Prevents companies from charging "over-the-limit" fees when a cardholder has set a limit, or when a preauthorized credit "hold" pushes a consumer over their limit.

Limits (to 3) the number of over-the-limit fees companies can charge for the same transaction—some issuers now charge virtually unlimited fees for a single violation.

Ends unfair "double cycle" billing—card companies couldn't charge interest on debt consumers have already paid on time.

If a cardholder pays on time and in full, the bill prevents card companies from piling additional fees on balances consisting solely of left-over interest.

Prohibits card companies from charging a fee when customers pay their bill.

Many companies credit payments to a cardholder's lowest interest rate balances first, making it impossible for the consumer to pay off high-rate debt. The bill bans this practice, requiring payments made in excess of the minimum to be allocated proportionally or to the balance with the highest interest rate. Protects Cardholders from Due Date Gimmicks.

Requires card companies to mail billing statements 21 calendar days before the due date (up from the current 14 days), and to credit as "on time" payments made before 5 p.m. local time on the due date.

Extends the due date to next business day for mailed payments when the due date falls on a day a card company does not accept or receive mail (i.e. Sundays and holidays).

Establishes standard definitions of terms like "fixed rate" and "prime rate" so companies can't mislead or deceive consumers in marketing and advertising.

Gives consumers who are pre-approved for a card the right to reject that card prior to activation without negatively affecting their credit scores.

Prohibits issuers of subprime cards (where total yearly fixed fees exceed 25 percent of the credit limit) from charging those fees to the card itself. These cards are generally targeted to low-income consumers with weak credit histories.

Prohibits card companies from knowingly issuing cards to individuals under 18 who are not emancipated.

Requires reports to Congress by the Federal Reserve on credit card industry practices to enhance congressional oversight.

Requires card companies to send out 45-day notice of interest rate increases 90-days after the bill is signed into law; the remainder of the bill takes effect 12 months after enactment.

82 PERCENT OF CREDIT CARDS ALLOWED UNLIMITED PENALTY RATE INCREASES

When credit card accounts become past due, companies frequently impose penalty interest rate increases on outstanding balances, on top of late fees averaging \$39. The penalty interest rate can lead to a significant increase in the cardholder's level of debt, and may continue to apply long after the cardholder has re-established a track record of responsible payment behavior.

The Pew Health Group studied all credit cards offered online by the largest 12 issuers, which control nearly 90 percent of outstanding credit card debt in America. The study included more than 400 credit card products. Based on a new analysis of this data, we found that 82 percent of credit cards allowed issuers to impose penalty interest rate hikes that could last indefinitely, giving responsible cardholders no right to return to the originally agreed interest rate.

"CURE PERIOD" PROVISION WOULD HELP CURB PENALTIES AVERAGING \$500 PER YEAR

The median allowable penalty interest rate was 28 percent per year, adding nearly 14 percentage points to the average non-penalty interest rate. This penalty would cost \$140 annually for every \$1,000 in credit card debt, or nearly \$500 per year for a typical repriced account. In most cases, these added costs can continue as long as the account is open, regardless of the cardholder's subsequent payment behavior.

The Federal Reserve has announced rules to help limit penalties it deems "unfair and deceptive." But even under those rules, Americans will be on track to pay credit card companies more than \$7 billion per year in penalty interest charges—unless congressional leaders adopt an important new Senate proposal.

The proposal, often called a "cure period" or "pathway back," enables consumers to reverse penalty interest rates by making on-time payments for six months. Cardholders who pay on-time during the cure period can reduce penalty interest charges by half or more.

Mr. Speaker, I support this legislation. I urge my colleagues to do the same.

JOB CREATION THROUGH ENTREPRENEURSHIP ACT OF 2009

SPEECH OF

HON. SHEILA JACKSON-LEE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 20, 2009

The House in Committee of the Whole House on the State of the Union had under consideration of the bill (H.R. 2352) to amend the Small Business Act, and for other purposes:

Ms. JACKSON-LEE of Texas. Mr. Chair, I rise today in support of H.R. 2352 "Job Creation Through Entrepreneurship Act of 2009." I would also like to extend my thanks to Representative HEATH SHULER of North Carolina for introducing this important legislation. This will amend the Small Business Act in a number of ways that will help small businesses throughout the United States.

America is home to more than 26 million small businesses that represent more than 99.7 percent of all employers. Small businesses create half of our gross domestic product, and up to 80 percent of the new jobs nationwide. Recent studies have shown that supporting small businesses is good for the American economy. In fact, for every \$1 invested, small businesses will contribute \$7 to the economy. H.R. 2352 provides small businesses and entrepreneurs the tools and resources they need to succeed and thrive. Entrepreneurial development programs helped create 73,000 jobs last year alone.

The vibrancy of our economic prosperity depends on the ability of our nation's small busi-

ness community to adapt to opportunities at home and abroad. The skill required to navigate the many regulations imposed by the Federal government is essential to maximize any business plan. Alliances made between the private sector and government allow small business owners to be empowered by the Federal regulatory process and not the victim of it.

WOMEN

H.R. 2352 will accomplish many different initiatives pertaining to helping small businesses. There are specific stipulations that will enable women-owned businesses. It will revise the Small Business Administration's women's business center program to publish grants and establish a process for centers regarding administration matters. It will also authorize administrations to provide financial assistance to private nonprofit organizations to conduct projects for the benefits of small businesses owned and controlled by women as well as women's businesses centers performance measures to be established. H.R. 2352 will also require the National Women's Business Council studies to include the impact of the 2008–2009 financial markets crisis on women-owned businesses. H.R. 2352 will broaden the Women's Business Centers Program by improving and expanding business development resources for women entrepreneurs by increasing counseling and training facilities for this sector, particularly targeting underserved areas.

GENERAL

In addition to supporting women small business development the bill creates a grant program for SBDCs specifically designed to assist small firms in securing capital such as the new small business lending generated under the Recovery Act. The Recovery Act contains numerous provisions to generate new small business lending, such as increasing from 85% to 90% the amount of an SBA-backed loan that the government guarantees—with estimates that the Act will generate \$21 billion in new lending and investment for small businesses.

H.R. 2352 also creates new entrepreneurial development programs. It establishes, for the first time, a nationwide network of Veterans Business Centers to provide specialized entrepreneurial training and counseling to our nation's veterans. It also creates new support services for Native American-owned small businesses.

CONCLUSION

Small businesses are the lifeblood of our economy in Houston and across America. But for too long, small businesses have found it difficult or impossible to compete for federal contracts. I am proud to support legislation that fixes this problem and gives hard-working small businesses a fair shake. I urge my colleagues to support this bill as well.

TRIBUTE TO THE DAUGHERTY MEMORIAL ASSESSMENT CENTER AT THE NAVAL SURFACE WARFARE CENTER, CORONA DIVISION

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 21, 2009

Mr. CALVERT. Madam Speaker, I rise today to pay tribute to a young man who died in