



Financial Reform Conference: Oppose Senate Snowe-Pryor language creating special access to regulators for small businesses

Support House Language

CRL Policy Brief June 2010

Contact Susanna Montezemolo at (202) 349-1867

The Snowe-Pryor amendment to the Senate financial reform bill (S. 3217) would give small businesses—including payday lenders and mortgage brokers—advance input into new rules proposed by the consumer agency (the Consumer Financial Protection Bureau, or CFPB, in the Senate bill; and the Consumer Financial Protection Agency, or CFPA, in the House bill). This language would prioritize small businesses over families, taxpayers and other key stakeholders. This provision is particularly misplaced since the agency would already be subject to the federal law that grants small businesses special consideration. This Senate proposal creates a layer of bureaucracy that is not only redundant—it's dangerous.

Senate language would favor special interests, including payday lenders and cash checkers.

- The Senate language would offer favored treatment for entities such as payday lenders, check-cashers and mortgage brokers, elevating their interests over consumers, families, local communities and state and local leaders. No stakeholder should have privileged input into proposed rules before others.

Senate language would create a redundant process that denies a public airing of proposed rules.

- The existing rulemaking process (that would apply without Snowe-Pryor) already gives all stakeholders an opportunity to air their concerns, with ample time for a fair and thorough review. The Senate provisions, on the other hand, would impose a special pre-rulemaking procedure, giving businesses first crack at a proposed rule, with the opportunity to defeat or delay it before the public ever gets to be heard.
- The law already requires agencies to give special consideration of small businesses, and the CFPA will be subject to that law. Further, the Senate's directive to weigh costs and benefits to consumers and providers, including access, is already embedded in the House's CFPA rulemaking standards. Snowe-Pryor is unnecessary to protect small businesses.

Senate language would impose more costs on taxpayers for the benefit of lenders—including lenders seeking to block sensible lending rules that could help avoid another financial meltdown.

- The Senate language would add more costly and time-consuming hurdles, solely for the benefit of industry, such as "advance-look" review panels with special rights before other stakeholders (including the general public) have the opportunity to be heard. This process could cause substantial delays in even the publication of proposed rules and could result in blocking reforms that would benefit families—even before such proposals could be publicly debated. Our recent economic experience shows the high costs of slow regulatory action.

Senate language would undermine public confidence in fair and transparent rulemaking.

- American taxpayers have already paid a high price for the slow response to reckless lending practices. By prioritizing industry's interests over those of all other stakeholders, the amendment would threaten the agency's independence and undermine public confidence in fair and transparent rulemaking.