



April 20, 2021

To: Members of the House Financial Services Committee

From: Thomas Aiello, Director of Federal Affairs, National Taxpayers Union

Re: NTU's views on April 20, 2021 Committee Markup

On behalf of the National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, I write to express our views on several measures slated for consideration before the Committee. As the Committee works on passage of bills, substitute amendments, and other amendments on the agenda, NTU urges lawmakers to support proposals that promote free enterprise, limit government mandates, and protect taxpayers. We look forward to working with you over the course of 117th Congress on practical solutions that help the American people, businesses, and of course, taxpayers.

H.R. 1087, Shareholder Political Transparency Act. This legislation, introduced by Rep. Foster would impose new costly mandates onto private sector businesses across the country. While the purpose of this legislation is to increase transparency for businesses engaging in the political process - a well-intended goal - we do not believe the expected benefits outweigh the expected costs. Specifically, this bill would require publicly-traded companies to send a quarterly report to shareholders containing a record of every contribution to trade associations, outside political groups, and candidates. Considering the FEC already publishes a list of contributions to elected officials and other candidates for office, it is unclear the extent to which the public or shareholders would gain additional information that they could not look up for themselves. From our perspective, this process could be used to shame members of the business community for their donations to certain organizations or members of Congress.

NTU opposes H.R. 1087.

H.R. 2547, Comprehensive Debt Collection Improvement Act. While NTU takes no position on the provisions relating to debt collection practices and changes contained in Titles I-III and V-VII, we are extremely concerned with the inclusion of Title IV. This title contains extremely problematic provisions that relate to the reporting of certain debt onto an individual's credit report. The entirety of Title IV should be removed. This title proposes to suppress accurate debt obligations by prohibiting the furnishment of medical debt onto an individual's credit report. By proposing to suppress information associated with medical debt, credit reports will be incomplete and less predictive of credit scores. Most, if not all, lenders rely upon credit history data found in credit reports to identify and evaluate potential risks a consumer may pose before entering into a financial relationship with that consumer. That information is critical for lenders to evaluate the applicant's ability to repay and to make fair and appropriate credit decisions. Tinkering with credit reporting processes, especially at a time like this, could have far reaching and troubling impacts on the market.

Hiding negative information from lenders could also expose taxpayers to potential losses on loans backstopped by the federal government. With less accurate consumer reports and scores, creditors will be inevitably forced to reduce the amount of credit extended and/or raise prices to cover for the additional risk. This will lead to a weaker financial system, undermining a great deal of safety and soundness that we have built up over decades. This will, in essence, socialize credit scoring and, therefore, credit allocation. Worse yet, it could lead to more borrowers who may not be able to handle additional credit obligations being eligible for a mortgage backed by Fannie Mae and Freddie Mac or insured by the Federal Housing Administration . Under such a scenario, if more unqualified borrowers default on their mortgage, it could threaten the housing system and lead to another significant bailout of the GSEs.

Due to Title IV, NTU opposes the entirety of H.R. 2547.

NTU appreciates the Committee's consideration of our views and looks forward to working with you as you work on a bipartisan basis to improve the competitiveness of our economy over the course of the economic recovery.