

Small Business Financing Transparency Act

APR for All

HB744 HA #1 (CANTY-MAYFIELD-MASON-GUZZARDI-CASSIDY)

COALITION FOR

small business
LOAN TRANSPARENCY

EXEC. BRANCH ENDORSEMENTS



OFFICE OF THE ILLINOIS
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TREASURER

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Affordability is directly tied to businesses' costs of financing. By requiring non-bank lenders to disclose the annual percentage rate (APR) of their loans to small businesses, the "APR for All" bill would make day-to-day life more affordable for the average Illinoisan by empowering small businesses to shop for the best price when borrowing money.

Illinois small businesses lose an estimated \$459 million every year – *more than one million dollars per day* – due to nontransparent and often misleading financing terms that prevent them from shopping for the most affordable loan for their businesses.¹

- + This effect disproportionately harms Black- and Brown-owned small businesses, which annually lose an estimated \$61 million and \$57 million respectively.²
- + Research shows that when small business owners compare a loan with an APR to loans with other metrics, borrowers often can't tell which loan is more expensive.³
- + The Federal Reserve finds that Black and Brown businesses owners are twice as affected by what the Fed calls "higher-cost and less-transparent credit products."⁴

For decades, consumers have been entitled to know the APR of a loan (See image at right). Small businesses are deprived of this same basic right. This bill would close this loophole.

- + A Woodstock analysis of small business loans found effective interest rates as high as 352.64%.⁵ The lenders did not disclose these rates to the borrowers.



APR competition helps consumers shop for the best price. Small businesses should be empowered to do the same.

PROPONENTS



BeeGr8t Organization

Big Shoulders Digital Video Productions Inc

Chummy's Organix

Gone Again Travel & Tours, Inc

The House of Mary Corp.

Jenny Capp Co.

Lotus Cafe & Bahn Mi Sandwiches

MsPsGFree Inc

Not Just Cookies Wholesale Bakery

Rose Garden Day Care

Uni-Pres Kindercottage

QUESTIONS?

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Footnotes:

1. Responsible Business Lending Coalition, "Small Business Lending Research" 2025.
2. *Id.*
3. Federal Reserve Board of Governors, *Uncertain Terms: What Small Business Borrowers Find When Browsing Online Lender Websites* (Dec. 2019).
4. Federal Reserve Bank of Atlanta, *Report on Minority-Owned Firms* (2019). <https://bit.ly/FedReportPDF>.
5. Woodstock Institute, *Analysis of Business Loan Terms* (2016). Updated 2025. <https://woodstockinst.org/research/analysis-business-loan-terms/>.