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As one of the leaders in our state legislature, we have dedicated our time and effort towards enacting policies that help recruit small businesses to establish roots right here in South Carolina. This has led to our state amassing 77 different incentives for small business owners, on top of the vibrant communities and activities we have to offer. All of this has contributed to small businesses playing a key role in our state's economy, making up over 99% of the region's total business configuration. My comment to you all today stems from recent reports of a new rule to increase capital reserve requirements for banks. Following through with this proposal would harm small businesses and slow down our economic growth.

Banks are critical players for small businesses, providing critical financial services such as access to loans. By having the ability to borrow money on a consistent basis, businesses can continue investing in themselves, their employees, and the greater community. This means they can provide better salary for workers and expand their product line, all while keeping things affordable for everyday families. Enacting this new regulation would jeopardize this functioning system. Higher capital requirements would mean that banks would become risk averse, less willing to provide borrowers with the funds they need. Cutting off this access to capital would leave small businesses owners with less cash on hand and could force them into downsizing their operations, including having to make the hard decisions of letting go of long-time employees.

Moreover, the regulation also makes it more difficult to advance our economic development. Many of the new and existing small businesses are consistently in search of new locations and storefronts where they can expand their operations. To build these new facilities, however, developers need a financial source for upfront funding. Banks help fill this void by providing access to loans for these projects. However, this would be lost under the new capital

requirements, as banks would again look to protect themselves by reducing lending services. The consequences of this would mean slower economic growth for the entire region, as businesses would be unable to expand, new developments would remain unfinished, and fewer dollars would flow through the economy.

South Carolina has developed the blueprint for how states should support and attract small businesses going forward. Let us continue to forge this way forward by blocking efforts to increase the capital requirements for banks so as to not create any economic consequences for small businesses.

Sincerely,



Seth Rose