costs of extending credit in establishing any minimum or maximum rates.

I appear here today in the same spirit to discuss my views on H.R. 11601 and H.R. 11602.

With respect to H.R. 11601 we find it difficult to understand how all the time and effort spent by the Senate can be ignored. The Senate hearings reports are filled with testimony showing that an accurate annual rate cannot be applied to revolving credit. This, in fact, was one of the major reasons for the great delay in the passage of the bill.

H.R. 11601 would be detrimental to my business, to the livelihood of my employees, to the community of Portsmouth, N.H., and to the entire country. Its enactment is unnecessary, as at the present time we are furnishing our customers credit information, and the additional amount of information required by H.R. 11601, such as the "annual percentage rate" would only confuse and bewilder the consumer.

Credit is a very important tool of the modern retailer, and he cannot survive without it. At Kimball's 65 percent of all sales are transacted on our optional credit plan, referred to in H.R. 11601 as a revolving or open end credit plan.

Without the extension of this amount of credit, two things would happen that would put Kimball's into red ink immediately. Anything that would prevent consumers from using our credit plan would immediately reduce our sales volume, reduce our gross profit, while our fixed costs would remain the same. Our net profit would become a minus figure instead of a plus figure. At the merchandising level, the consequent reduction in volume would increase markdowns, decrease selection, and further reduce our ability to employ citizens of Portsmouth, N.H., and to purchase merchandise from manufacturers throughout our Nation.

To be specific, I would like to discuss section 203(d), starting on line 22 of page 11 of H.R. 11601. Under part (2) the bill requires a store like Kimball's to furnish, prior to the extension of credit, a statement declaring "the annual percentage rate of the finance charge to be imposed."

I submit our invoice which we mail to each customer every 5 weeks. In the lower left corner we clearly explain about optional credit accounts. We tell the customer exactly how much she is expected to pay. Then we state "The only charge for this credit is 1½ percent of amounts owed for 35 or more days per billing period of 35 days." At the bottom we repeat that there will be a service charge on a previous past due balance—this in bold print.

Kimball's does not have the only unique system in the country, and I do not think it would be fair to subject all stores to present a customer with a general figure which would represent all system as the same as all others. We are already clearly stating to our customer, in a language she can understand, that our service charge is 1½ percent of ending balance per billing period. As it is, our customers are smarter than we are. They charge at the beginning of each cycle and pay at the end of each cycle, thereby obtaining almost 70 days of credit without any service charge. Believe me, this is not the 18 percent that H.R. 11601 would have me tell my customers, but can be less than 8 or 9 percent on a simple annual rate.