



Advocacy in Action



2ND QUARTER 2021

PRESERVING TAX CUTS

ICBA will defend the 2017 tax cuts, including the 21 percent corporate rate, the individual rate, the deduction for pass-through income, current taxation of capital gains, and taxation of estates. ICBA will oppose changes to the taxation of Section 1031 “like kind” exchanges as well as any proposal that specifically targets the financial services sector.

NEW BANK REPORTING OF ACCOUNT HOLDER DATA

ICBA is opposing an Administration proposal to require financial institutions to report annually to the IRS on account inflows and outflows.

CLIMATE RISK REGULATION OF BANKING

ICBA is opposing proposals under consideration in the Administration, the agencies, and Congress to create new mandates regarding climate risk. Proposals include stress testing for the impact of weather events on bank-held assets, concentration limits, increased disclosures, and other mandates.

SMALL BUSINESS LOAN DATA COLLECTION RULE

The CFPB has released an outline of proposals that would require banks to collect and report data on loans made to small businesses, as required by the Dodd-Frank Act. The Bureau is considering exemptions for banks below \$100m to \$200m in assets or that originate fewer than 100 small business loans. The proposal fails to recognize the customized nature of small business lending. ICBA is urging the Bureau to increase the exemption thresholds.

ICBA ANTI-CREDIT UNION “WAKE UP” CAMPAIGN

The mission of the campaign is to pursue legislative and regulatory changes to address the expansion of credit unions and to draw media and public attention to the industry’s aggressive and abusive exploitation of their tax exemption.

- » ICBA released a Credit Union Playbook to ICBA members to better advocate for a level regulatory and tax playing field with credit unions.
- » ICBA grassroots campaigns have targeted an NCUA proposal to allow credit unions to issue subordinated debt and have urged NCUA to strengthen its rule on credit union-bank acquisitions.
- » ICBA is urging Congress to convene hearings on credit union-bank acquisitions.



Real Results for Your Bank

Simplified Forgiveness and EIDL Fix	Accounting and Capital Relief	Second Draw PPP with Dedicated Funding for Community Bank PPP Loans	Delayed “Adverse Market Fee”
Year-end legislation included simplified forgiveness for PPP loans of less than \$150,000. EIDL Advance grants are no longer deducted from the forgiveness amount. The law also provides that a PPP lender is “held harmless” and must only pay agent fees when there is a contract.	Year-end pandemic relief legislation extended the suspension of troubled debt restructuring (TDR) classification through 2021. Implementation of current expected credit loss (CECL) is also delayed till 2022.	Year-end pandemic relief legislation created a second draw PPP with \$15 billion (initial and second draw) set aside for loans issued by depository institutions with under \$10 billion in assets.	In response to an ICBA grassroots and media campaign, the FHFA, Fannie Mae, and Freddie Mac delayed a 50-basis point fee on refinanced mortgages from Sept. 1 to Dec. 1 and exempted smaller loans.



INDUSTRIAL LOAN COMPANY LOOPHOLE

Non-bank technology companies seeking ILC charters under Utah law have filed for FDIC insurance. The industrial loan company (ILC) loophole allows commercial companies to own ILCs, contrary to the long-standing policy of separating banking and commerce, and escape holding company supervision. ICBA is promoting legislation that would close the ILC loophole and grandfather existing ILCs.

- » ICBA was the first national banking trade group to endorse the Eliminating Corporate Shadow Banking Act, introduced in 2020.

TAX INCENTIVES FOR COMMUNITY BANK LENDING

ICBA supports the creation of new tax credits or deductions for community bank lending to low- and moderate-income individuals, businesses, and farmers and ranchers. These incentives would help sustain and strengthen lending to these borrowers and offset the competitive advantage enjoyed by tax-exempt credit unions and Farm Credit System lenders.

- » The ECORA Act (H.R. 1977) would create a tax exclusion for interest on loans secured by agricultural land and residential mortgages in rural communities. ICBA has launched a grassroots campaign to promote co-sponsorship of ECORA.

CANNABIS BANKING

As more states legalize cannabis for medical and/or recreational use, it is critically important for public safety that cannabis-related businesses, as well as those businesses that serve them, have access to the traditional banking system, rather than operate exclusively in cash. ICBA supports legislation that would create a safe harbor from federal sanctions for financial institutions that serve cannabis-related businesses in states where cannabis is legal.

- » The SAFE Banking Act (H.R. 1996) passed the House in April on a broad bipartisan vote and is current before the Senate.

FEDNOW IMPLEMENTATION

The launch of FedNow is approximately two years away, but community banks should begin planning their faster payments strategies now.

- » ICBA is the only national banking trade group to call for the Federal Reserve's active involvement in faster payments.
- » ICBA urges the Fed to maintain its expedited timeline and its industry engagement initiatives.
- » ICBA encourages community banks to develop a comprehensive payments strategy that encompasses real-time payments.

SUPPORT FOR AGRICULTURE

ICBA advocates for enhanced USDA guaranteed lending as well as direct federal assistance and other measures to support American agriculture.

OCC EXPANSION OF CHARTER TO NON-BANKS

ICBA is working with a coalition of trade groups to oppose the OCC's proposed special payments charter which would allow non-depository fintech companies access to the privileges of a federal bank charter.

POSTAL BANKING

ICBA opposes proposals to allow the U.S. Postal Service (USPS) to offer financial products and services. Postal banking would distract the USPS from its core mission of delivering letters and packages, putting its financial condition and ultimately U.S. taxpayers at risk. Financial services are best provided in a competitive, private, and free marketplace that openly and efficiently benefits customers.

- » ICBA is launching a series of short pieces outlining our objections to postal banking.

HOUSING FINANCE

Recent amendments to the GSEs' Preferred Stock Participating Agreements (PSPAs) include restrictions on the purchase of second home and small investment property loans as well as loans with certain risk characteristics. These restrictions have a disproportionate impact on smaller lenders and will force them to curtail their mortgage lending business. They will raise the cost of housing, impacting buyers and renters. ICBA is calling on FHFA and Treasury to stop the implementation of these restrictions and remove them from the PSPAs.