

ICBA Promotes New Regulatory and Tax Agenda for the 119th Congress.

To capture opportunities presented by the new Administration and Congress, ICBA is promoting our [“Repair, Reform, and Thrive: ICBA’s Plan for Powering Local Economies.”](#) which includes aggressive streamlining of community bank regulations and meaningful tax relief to promote economic growth.

- As part of this initiative, ICBA sent our legislative agenda, [“Transforming Regulation for Growth.”](#) to the new Congress.
- ICBA published a full-page ad in Politico to promote our agenda.

Major Tax Legislation. The expiration of provisions of the 2017 Tax Cuts and Jobs Act at the end of 2025 will trigger broader tax legislation. ICBA is positioning itself to obtain additional tax relief for community banks and to protect them and their customers from any tax increases. ICBA priorities include extension of expiring provisions, additional corporate rate relief, enactment of ACRE (see below), and taxation of credit unions. ICBA will fight any offsets that would increase taxes for community banks or their customers.

Farm Bill and Support for Agriculture. ICBA has recommended six key principles for a new Farm Bill and several legislative priorities. These include ample funding for commodity programs, rural broadband, and crop insurance. ICBA advocates for higher USDA guaranteed loan limits and quicker USDA loan approvals, while opposing Farm Credit System expansions for non-farm business lending, permitting FCS home loans in towns of 10,000 in population, and exemptions from Section 1071.

Durbin-Marshall Amendment Expansion Legislation.

ICBA opposes legislation to create new credit card routing mandates, expanding on the Durbin Amendment’s interchange restrictions. While the Credit Card Competition Act (S. 1838 and H.R. 3881 in the last Congress) is designed to apply to banks with over \$100 billion in assets, community banks would be forced to subsidize costly systemwide changes that would put customer data at risk while benefitting big-box retailers.

- ICBA succeeded in blocking passage of the legislation in the 118th Congress.

ACRE: Tax Incentives for Community Bank Agriculture and Home Loans.

ICBA is promoting the ACRE Act (H.R. 3139, S. 2371 in the last Congress). This bill, which enjoys bipartisan support, would create a tax exclusion for interest income on loans secured by agricultural land and residential mortgages in rural communities.

ICBA Check Fraud Task Force. The task force, composed of more than 40 community banks and state bankers’ associations, was created to explore solutions to prevent, detect, and mitigate check fraud. The task force is just one component of ICBA’s broader strategy to work with stakeholders in Congress, the agencies, law enforcement, and industry to reduce the burden of check fraud.

- In May, ICBA published: [“Check Fraud: A Practical Guide to Altered, Forged, and Counterfeit Checks for Community Bankers.”](#)
- Financial Services Committee Chairman French Hill (R-AR), Rep. Bill Foster (D-IL), and 30 bipartisan lawmakers sent a letter to the federal banking agencies requesting a briefing on their efforts to aid financial institutions in addressing check fraud.

Brokered Deposits. ICBA has called for the FDIC to withdraw its recent brokered deposits proposal and retain the 2020 framework. The proposal would rescind previously approved primary purpose exception applications and define a broader group of third parties as deposit brokers. These changes would effectively classify more deposits as brokered and fewer deposits as core, creating a high degree of regulatory uncertainty in the banking system.

Overdraft. ICBA strongly opposes the CFPB’s final rule on overdraft services that will cap fees at banks and credit unions with more than \$10 billion in assets. Under the rule, banks and credit unions will have three options for overdraft programs: a \$5 fee; a fee that covers no more than costs or losses; treatment of overdraft as an extension of credit subject to federal lending laws. The new rule will harm customers and businesses that rely on overdraft. ICBA recently filed an amicus brief in the U.S. District Court for the Southern District of Mississippi supporting the issuance of a preliminary injunction to enjoin enforcement of the final rule. ICBA will work with the incoming Administration and Congress to overturn it.

Restricting the Sale of “Trigger Leads.” ICBA is supporting bipartisan legislation in the House and Senate (H.R. 7297 and S. 3502 in the last Congress) which would restrict credit reporting agencies from the sale of consumers’ contact information when they apply for a residential mortgage. These “trigger leads” compromise consumer privacy, create a flood of unwanted solicitations, and create consumer confusion.

- Though it did not pass the House, S. 3502 was added as an amendment to the Senate version of the NDAA and later passed the Senate by unanimous consent.

Stablecoins, Decentralized Finance. Unregulated crypto assets, including stablecoins, as well as decentralized finance (DeFi), threaten to disintermediate community banks and heighten risks for the wider economy and must be appropriately regulated. ICBA strongly opposes efforts to grant nonbank stablecoin issuers access to the Federal Reserve master account and to license novel nonbank issuers not subject to the same regulation as community banks.

- ICBA has convened a Digital Assets Subcommittee to examine and deliberate issues related to a proposed CBDC and digital assets.
- In a [LinkedIn post](#), ICBA President and CEO Rebeca Romero Rainey called for lawmakers to ensure any regulatory framework for stablecoin issuers contains strong federal oversight to prevent a regulatory race to the bottom.
- Problematic stablecoin legislation was not enacted in the 118th Congress.

Central Bank Digital Currency. ICBA opposes a U.S. CBDC which would compete with community bank deposits needed to fund local lending and undermine consumer privacy, among others.

- ICBA supported the CBDC Anti-Surveillance State Act (S. 3801, H.R. 5403 in the last Congress), which would prohibit the Fed from issuing a CBDC. H.R. 5403 passed the House in May.

ICBA Anti-Credit Union “Something’s Wrong” Campaign.

Following a surge in credit union acquisitions of banks, ICBA launched its “Something’s Wrong” targeted digital ad campaign and website to highlight the harm done by the credit union industry’s aggressive and abusive exploitation of their tax exemption.

- ICBA is requesting hearings on Navy Federal’s discriminatory mortgage lending practices revealed in an [analysis by CNN](#).

Section 1033 Rule. ICBA remains concerned with the CFPB recently finalized a rule under Section 1033 of the Dodd-Frank Act, despite its exemption for community banks with assets of less than \$850 million, as advocated by ICBA. The rule requires non-exempt banks to create and maintain an API-enabled “developer portal” which non-bank fintechs and other third parties could use to access customer data, creating a threat to consumer data security and privacy. Banks cannot ensure the security protocols of potentially thousands of fintechs seeking access to their customers’ data. In addition, banks must be permitted to charge reasonable fees to third parties – who will financially benefit from access to customer data – in order to offset the significant costs of compliance with this rule.

- ICBA released an [Open Banking Guidebook](#) as a resource for community bank compliance with the new rule.

Federal Housing Finance Agency. ICBA has registered strong opposition to changes contained in a recent FHFA RFI that would alter the FHLB’s mission and restrict community bank access to FHLB advances. The RFI would implement certain recommendations of a 2023 report on the reform and restructuring of the FHLB System. ICBA has formed an FHLB Task Force to advocate against adverse changes recommended in that report.

Closing the ILC Loophole. The industrial loan company (ILC) loophole allows big tech and commercial companies to own essentially full-service FDIC-insured banks while evading holding company supervision. ICBA is promoting bipartisan legislation that would permanently close the ILC loophole, while grandfathering existing ILCs.

- The Close the Shadow Banking Loophole Act (S. 3538) was introduced in the last Congress by a bipartisan group of Senators.
- ICBA submitted a comment letter in support of an FDIC proposal that would strengthen review of ILC applications by “shell and captive industrial banks.”

ICBA Litigates the CRA and 1071 Final Rules. ICBA and other national and state trade associations are pursuing a lawsuit against the Federal Reserve, FDIC and OCC for exceeding their statutory authority and acting arbitrarily and capriciously in their revision to the Community Reinvestment Act rule. The court has issued a preliminary injunction temporarily pausing the new rule while the court decides the merits of the case.

ICBA intervened in a suit against the CFPB for exceeding its statutory authority and acting arbitrarily and capriciously in finalizing its Section 1071 rule. As a result of ICBA’s efforts, the court expanded its temporary injunctive relief to all covered financial institutions, resulting in a 290-day extension of the compliance date.

Prescriptive and Intrusive FDIC Corporate Governance Proposal. ICBA opposes the FDIC’s recently proposed “guidelines” that would raise the bar for the “independence” of board members, making it harder to recruit qualified directors and heighten liability risk for bank directors and officers, among other adverse changes. The proposal would apply to institutions with assets of \$10 billion or more, though the agency would reserve broad authority to apply it to smaller institutions.

Improving M&A Regulatory Framework. ICBA urges regulators to streamline and expedite the bank merger process for all proposed mergers where both the acquiring and acquired bank have \$10 billion or fewer total assets. Heightened regulatory scrutiny should be applied to mergers involving large, complex, and too-big-to-fail institutions. The HHI calculation should be expanded to include competition from credit unions, the Farm Credit System, and online banks.

EGRPRA Review. ICBA is calling on regulators to conduct a comprehensive regulatory review under the Economic Growth and Regulatory Paperwork Reduction Act, or EGRPRA, the 10-year review to identify outdated or otherwise unnecessary regulatory requirements. Regulators must take bold action to eliminate one-size-fits-all mandates that fail to consider the community banking business model.