**Independent Banker**

**March 2023**

**Portfolio**

[tag] Checks & Balances

[hed] Setting a course for the new Congress

[dek] Right out of the gate, ICBA began promoting its legislative agenda to members of the 118th Congress.

[byline] By Aaron Stetter

[body]

ICBA is getting the community banking message out, from sending a letter detailing ICBA’s policy priorities to every member of thenew Congress to reinforcing that messaging with advertisements in *Politico*, Capitol Hill’s must-read publication.

Just as important, ICBA is working with individual community bankers and ICBA-affiliated state associations to reach out to members of Congress and their staff to provide real-world insights into why these issues are essential for a vibrant economy.

Whether it’s unfinished business from the 117th Congress that has been thoroughly vetted and received bipartisan support, to fresh initiatives put forward by community bankers based on their first-hand knowledge of what works in their communities, here are the agenda items ICBA is prioritizing on Capitol Hill.

[subhead] **Community banking legislative priorities for 2023**

**Institute robust agency oversight.** ICBA is asking Congress for greater oversight of federal financial agencies to ensure rulemaking follows notice and comment requirements and does not informally convey new requirements in press releases or social media. More oversight of fintechs and cryptocurrency firms is also needed to protect the financial system.

**Oppose climate risk regulation for community banks.** Community banks’ ability to support their customers and communities must not be stymied by climate risk proposals and regulations—including concentration limits, stress testing, mandatory disclosures and capital requirements.

**Scrap credit card routing mandates.** ICBA continues to strongly oppose controversial legislation that would create complex new credit card routing mandates that would force an overhaul of the payments landscape at significant systemic cost to consumers and the community banks that serve them.

**Preserve SBA bank lending.** ICBA strongly opposes direct lending under the Small Business Administration’s 7(a) program and its proposal to allow nonbank fintech lenders to participate in the 7(a) loan program. ICBA urges legislation to block this misguided SBA proposal, which would undermine the program and harm borrowers due to its higher costs and limited ability to reach borrowers.

**Regulate crypto assets, decentralized finance and central bank digital currency (CBDC).** Effective and comprehensive regulation is needed to balance the risks and benefits of cryptocurrencies, including stablecoins. ICBA strongly opposes efforts to grant nonbank stablecoin issuers access to the Federal Reserve master account and the creation of any retail U.S. CBDC, which would directly compete with community bank deposits needed to fund local lending.

**Close the ILC loophole.** New industrial loan company (ILC) charters controlled by dominant social media and e-commerce conglomerates would give these companies yet more economic power and reach into the lives of Americans without needed regulation. ICBA supports statutory closure of the ILC loophole.

**Curb or eliminate tax subsidies for credit unions.** ICBA urges Congress to restore balance to the American financial services marketplace and help close the growing budget deficit by re-examining the justification for the outmoded, 100-year-old credit union tax subsidy.

**Level the Farm Credit System playing field.** Farm Credit System (FCS) lenders enjoy unfair advantages over rural community banks and leverage their tax and funding advantages as government-sponsored enterprises (GSEs) to siphon the best agricultural loans away from community banks. In recent years, FCS has sought nonfarm lending powers in an effort to compete directly with commercial banks for nonfarm customers.

**Incentivize credit for low- and middle-income customers and ag borrowers**. ICBA supports the creation of targeted tax credits or deductions for community bank lending to low- and moderate-income individuals, businesses, and farmers and ranchers.

**Support the Farm Bill.** ICBA advocates for a robust Farm Bill in 2023 that provides enhanced USDA guaranteed loans and strong crop insurance and ensures commodity programs provide a stable safety net for American agriculture.

**Promote de novo community banks.** ICBA supports a flexible and tailored supervisory policy for de novo banking applicants to help ensure a robust community bank landscape serving small businesses and households.

**Support minority depository institutions.** It is crucial that minority-owned depository institutions (MDIs) have the legislative, regulatory and financial support they need to remain operational and profitable.

**Encourage community development financial institutions (CDFIs).** The CDFI Fund’s proposed revisions to the Certification Application and the Annual Certification would harm the low-income communities that CDFIs serve. ICBA urges legislation to block or amend this proposal.

**Extend expiring tax relief.** ICBA is pushing for a permanent extension of the individual provisions of the Tax Cuts and Jobs Act, including the deduction for pass-through income (Section 199A), a top individual rate of no more than 37%, preferential tax rates for capital gains and an adequate estate tax exemption, before their scheduled expiration in 2026.

**Legalize banking services for legal cannabis-related businesses.** 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, giving them access to the traditional banking system.

Aaron Stetter is xxx

[ends]

[boxout]

**We need your voice**

To learn how you can help promote the community bank agenda, visit ICBA’s Grassroots Action Center at ***icba.org/advocacy***