

Spring 2022 LEGISLATIVE PRIORITIES

INDEPENDENT BANKERS ASSOCIATION OF TEXAS



IBAT HAS LONG PUSHED FOR A RECOGNITION OF THE UNIQUE BUSINESS MODEL OF COMMUNITY BANKS and the positive contributions these institutions make in meeting the needs of small business borrowers, working with low- to moderate-income customers, contributing to their communities and creating jobs and economic activity. We encourage Congress to focus on business activities and risk profiles when determining appropriate regulatory treatment of various categories of banks.

TAX FAIRNESS TO PROMOTE RURAL PROSPERITY

The prosperity of American farmers and ranchers is critical to rural economies. Support the ECORA Act (H.R. 1977/S. 2202), which will provide lower interest rates and better terms on rural loans by providing that interest on bank loans secured by farmland and homes in rural communities is tax exempt.

H.R. 1977 Texas co-sponsors: *Pete Sessions (R-TX-17)* and *Pat Fallon (R-TX-4)*

CREDIT UNIONS AND FARM CREDIT SYSTEM LENDERS

Oversight failures and permissive regulation at the National Credit Union Administration (NCUA) and the Farm Credit Administration (FCA) have created multi-billion-dollar, tax-subsidized institutions that are the functional equivalent of commercial banks, competing in the same markets, for the same customers, offering the same services. Support congressional review of the NCUA and the FCA and modernization of the tax code to restore a balanced and competitive financial landscape that protects consumers, serves small businesses, and enhances revenue for federal, state, and local governments.

SAFE HARBOR FOR LEGAL CANNABIS BANKING

It is critically important for public safety that cannabis-related businesses, as well as those businesses that provide ancillary services to such businesses, have access to the traditional banking system. The SAFE Banking Act (H.R. 1996/S. 910) would create a federal safe harbor for banking legal cannabis-related businesses. The House has passed the SAFE Banking Act six times. The Senate should pass H.R. 1996 without further delay.

H.R. 1996 Texas co-sponsors: *Vicente Gonzalez (D-TX-15)*; *Veronica Escobar (D-TX-16)*; *Al Green (D-TX-9)*; and *Joaquin Castro (D-TX-20)*

CLOSE INDUSTRIAL LOAN COMPANY (ILC) LOOPHOLE

ILCs are the functional equivalent of full-service banks without appropriate federal oversight. Congress has left open a dangerous loophole in safety and soundness oversight now being exploited by large tech companies that will unfairly alter the financial landscape under lighter regulatory oversight. We urge your support for the Close the ILC Loophole Act (H.R. 5912) to preserve America's longstanding separation of banking and commerce.

H.R. 5912 Texas co-sponsors: *Pete Sessions (R-TX-17)* and *Lance Gooden (R-TX-5)*

SBA DIRECT LENDING HAS A POOR TRACK RECORD

Community banks and other small business lenders in every market nationwide have the expertise, resources, and local knowledge to reach small businesses with credit needs. SBA direct lending has been tried and has failed. SBA direct programs have been rife with fraud and have required a taxpayer subsidy that is 10 to 15 times higher than programs that work in partnership with banks. Cosponsor legislation (H.R. 6037/S. 3382) to prevent SBA direct lending.

H.R. 6037 Texas co-sponsors: *Roger Williams (R-TX-25)*; *Beth Van Duyne (R-TX-24)*; *Pete Sessions (R-TX-17)*; and *Lance Gooden (R-TX-5)*. **S. 3382** Texas co-sponsor: *John Cornyn*.

CONGRESSIONAL OVERSIGHT OF DIGITAL ASSETS

Decentralized Finance (DeFi) and digital assets of all kinds – including cryptocurrencies and stablecoins – are growing rapidly in an unregulated market. Regulation is needed to address serious risks to financial stability, national security, and consumer protection. An inclusive dialogue among all parties – including community banks – is needed to find the right balance between innovation and the risks associated with digital assets. IBAT opposes the introduction of a U.S. Central Bank Digital Currency (CBDC). A CBDC would divert deposits from community banks to the Federal Reserve. These deposits are needed to fund local lending. Congress should examine the risks and unintended consequences associated with a CBDC.



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