



## FEDERAL LEGISLATIVE PRIORITIES

Summer 2023

The Independent Bankers Association of Texas (IBAT) exclusively represents community banks. The following is an abbreviated summary of IBAT's priority issues for the 118<sup>th</sup> Congress.

### TOP PRIORITIES:

- **Level the playing field with tax exempt credit unions and the Farm Credit System.** IBAT supports providing tax credits and deductions for community bank lending to small business borrowers, consumers in underserved communities and borrowers in rural areas.
- **Prevent large bank failures from affecting community banks.** Legislative and regulatory policy responses resulting from recent large bank failures should not negatively impact community banks. Ensure community banks are not subject to any additional regulatory burdens or special assessments. Our business model could not be more divergent from the too-big-to-fail banks.
- **Protect credit availability for small businesses.** Community banks make the majority of small business loans in the United States. Under CFPB rules implementing Section 1071 of the Dodd-Frank Act, community banks will be subject to additional regulatory burden and expense, leading to less credit availability to small business borrowers. This will negatively affect the economy and hasten consolidation of community banks.

### IBAT SUPPORTS:

- **“Right-sized” regulation** based upon the business model and risk profile of the institution. Community banks are disappearing at an alarming pace, due in large part to an ever-expanding level of regulatory burden.
- **Subchapter S enhancements** to allow more community banks to take advantage of a “pass-through” tax structure to continue to serve their consumer and small business customers. These would include extension of Section 199A tax provisions to provide near-parity with C Corp entities; raising the limit on shareholders to 500; allowing the issuance of preferred stock; and consideration of providing community banks the option of an LLC structure.
- **Safe harbor for legal cannabis banking.** Legal businesses should have access to banking services.
- Legislation to require any entity handling sensitive personal data to adhere to the same **Gramm-Leach-Bliley standards** required of financial institutions.
- Revising the **patent laws** to address ongoing issues with “patent assertion entities” or “patent trolls.” Exempting “end users” – those who simply purchase software or a product from a third-party – from any liability for alleged patent infringement is a simple, logical and workable solution to a complex and aggravating issue.
- **The separation of banking and commerce.** The Industrial Loan Company (ILC) charter, allowing a commercial firm to own a bank, should be promptly closed with restrictions on the sale of existing ILCs. “Nonbank” entities conducting banking business activities should be regulated.

### IBAT OPPOSES:

- Expansion of the **“Durbin Amendment” to include credit card transactions.** This provides an advantage to giant retailers at the expense of consumers and puts the security of the payments system at risk.
- Creation of a **“Post Office Bank”** and authorization of additional direct lending authority to the SBA.
- Authorizing the Federal Reserve to create a **Central Bank Digital Currency** which would undermine bank liquidity and access to credit nationwide.
- **Climate risk mandates** on community banks.
- Expansion of the mission of **tax advantaged GSEs into the private sector.** Lenders under the Farm Credit System umbrella compete directly with community banks and are straying from their mandated purpose.