



## FEDERAL LEGISLATIVE PRIORITIES

Winter 2023 / Spring 2024

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

### IBAT Supports:

- Extension of tax credits and deductions for community bank lending, specifically to underserved and/or rural communities.
- Support of Senate Joint Resolution 32/ House Joint Resolution 50 which would nullify the CFPB small business loan reporting regulation (Section 1071 rule).
- Implementation of a community bank classification to distinguish community banks from the larger institutions.
- Consistency in regulatory treatment and tax oversight among community banks and credit unions: the "common bond" requirement has virtually been dissolved by the National Credit Union Administration (NCUA).
- Enhancement of Subchapter S tax classification, including 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.
- Passage of the SAFER Act: Safe harbor for legal cannabis banking. The Act allows legal businesses access to banking services.
- Legal requirement that any entity handling sensitive personal data adhere to the same Gramm-Leach-Bliley standards required of financial institutions. (Data security breaches are an ongoing problem and banks are responsible for much of the cost.)
- Revision of patent laws that address "patent assertion entities" or "patent trolls" as well as exemption "end users" from any liability for alleged patent infringement.
- The separation of banking and commerce: "Nonbank" entities conducting banking business activities should be regulated, including the closure of the Industrial Loan Company (ILC) charter loophole used by many fintech companies.

### IBAT Opposes:

- Creation of a Central Bank Digital Currency (CBDC) by the Federal Reserve, which would undermine bank liquidity and access to credit nationwide.
- Expansion of the "Durbin Amendment" to include credit card transactions, which advantage 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.
- 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.