

## ICBM Members Travel to Nation's Capitol

Thirty ICBM members are meeting with elected officials in Washington DC today and tomorrow.

Regulation, farm credit, credit unions, crop insurance, and data security are critical issues that members will address with lawmakers. Bankers will also encourage legislators to support and co-sponsor several bills that respond to these issues. Some Minnesota members of Congress have stepped up to co-sponsor these bills and bankers will be looking for more of our federal representatives to sign on to these legislative pieces.

### **The Clear Relief Act (S. 812/H.R. 1233)**

This regulatory relief bill was introduced by Sen. Jerry Moran, R--Kan. and Sen. Jon Tester, D--Mont. The House companion bill was introduced by U.S. Rep. Blaine Luetkemeyer, R--Mo.

Items in the Clear Relief Act include:

- Any mortgage held in portfolio by a community bank would be considered a "qualified mortgage."
- Exempting mortgages held in portfolio by community banks from escrow requirements.
- Permitting highly-rated banks to file a "short form call report" in the first and third quarters of the year and be eligible for a 24-month examination cycle.
- Exempting community banks with less than \$1 billion in assets from the Sarbanes-Oxley 404 internal control attestation mandate.

Minnesota delegation members who have signed on as co-sponsors to the Clear Relief Act include: Sen. Amy Klobuchar and U.S. Reps.: John Kline, Collin Peterson, and Tom Emmer.

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## **The Community Bank Access to Capital Act (H.R. 1523/S. 1816)**

This bill also includes regulatory relief proposals. It was introduced in the House by Rep. Scott Garrett, R--N.J. and in the Senate by Sen. Mike Rounds, R--S.D.

Some of the bill's key provisions include:

- Exempting community banks from Basel III capital requirements.
- Barring the U.S. Securities and Exchange Commission from placing new restrictions on private offerings regarding the worth or annual income thresholds of accredited investors.
- Increasing the number of non-accredited investors who can purchase securities through a private offering from 35 to 70.

Currently, there are no Minnesota Senators co-sponsoring this bill. The House bill is co-sponsored by Minnesota Congressman Tim Walz.

### **Credit Unions and Farm Credit**

Members will again be arguing that both credit unions and the Farm Credit System (FCS) are creations of Congress that are guilty of mission creep. Rather than focusing on carrying out their mission, both entities are off track, and yet they get to keep the tax subsidies Congress gave them to compensate for the higher risk loans which would result as they carry out their missions.

More specific arguments that will be made include:

- Financial giants: Many of today's tax-exempt credit unions and FCS lenders have become multi-billion financial centers that compete directly against banks.
- Lost tax revenue: The credit union federal tax subsidy alone is valued at \$27 billion in a recent Office of Management and Budget report. FCS lenders enjoy significant tax advantages as well. Like credit unions, FCS institutions operate more like banks every day. If they operate like banks, they should be taxed like banks.
- It's time to repeal the costly and outdated tax subsidies given to credit unions and FCS lenders, and/or enact similar tax relief for community banks, which serve the same customers.

### **Crop Insurance**

Crop insurance is a critical, risk-management tool. Farmers,

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ranchers, and lenders across rural America rely on a healthy crop insurance program to protect crops and repay lenders.

- Crop insurance is a successful, public-private partnership that has eliminated reliance on ad-hoc disaster relief, which is provided wholly by taxpayers.
- Further cuts or adverse changes to the crop insurance program would discourage farmer and rancher participation, undermine private sector delivery, and jeopardize a successful program that is critical to the prosperity of America.
- ICBM opposes further cuts or adverse changes to the crop insurance program.

### **The Data Security Act (S. 961/H.R. 2205)**

U.S. Sen. Thomas Carper, D--Del. and U.S. Rep. Randy Neugebauer, R--Texas have authored the Data Security Act of 2015.

The following are some of the most important provisions:

- Recent, wide-scale retailer data breaches resulted in community banks reissuing more than 11.5 million debit and credit cards at a cost of \$130 million.
- Community banks absorbed these costs even though the breaches occurred at retailers.
- Data protection should be a shared responsibility of all stakeholders.
- Meaningful consumer protection can only be accomplished by holding all parties to the same data security and data breach notification requirements.
- Support the Data Security Act to create a secure, end-to-end payments system for consumers and businesses.
- Cost incentives should align with data security. The party that incurs a breach should be liable for all costs associated with the breach.

Legislative questions? Contact David Skilbred, ICBM Vice President of Government Relations, at [dskilbred@icbm.org](mailto:dskilbred@icbm.org) or 651-789-3983.

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### **We want to hear from you!**

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