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# Capitol Link

## Emmer Signs on to Reciprocal-Deposit Bill

U.S. Rep. Tom Emmer, R-Minn., signed on as a co-author to H.R. 4116. The bill amends the Federal Deposit Insurance Act to ensure that the reciprocal deposits of an insured depository institution are not considered to be funds obtained by or through a deposit broker. More detailed information on the bill can be found [here](#).

The goal of the bill is to keep large depositors as community bank customers by providing FDIC insurance coverage to deposits which exceed \$250,000.

H.R. 4116 was introduced November 19, 2015, by U.S. Rep. Gwen Moore, D-Wisc. The bill was considered September 27, 2016, by the House Subcommittee on Financial Institutions and Consumer Credit, which referred it to the House Financial Services Committee, chaired by U.S. Rep. Jeb Hensarling, R-Texas.

### Debate on Durbin Rule Heats up in House

Two bills proposing to repeal the Durbin Rule were recently introduced in the U.S. House of Representatives and one has had a hearing.

### H.R. 5465 Neugebauer

U.S. Rep. Randy Neugebauer, R-Texas, introduced H.R. 5465 on June 14, 2016. It would repeal the Durbin Rule and the price controls on fees charged to retailers for debit card processing.

### H.R.5983 Banking Reform

The Financial Choice Act of 2016 (H.R. 5983) was introduced June 14, 2016, by Hensarling, Chairman of the House Financial Services Committee. The bill was referred to Hensarling's committee and considered September 13, 2016. The vote was 30-26 and very partisan. Not one Democrat voted for the bill and just one Republican voted against it. Minnesota's two members of the committee split their vote, with Tom Emmer voting yes and Keith Ellison voting no.

Like Neugebauer's bill, Hensarling's also proposes to repeal the Durbin Rule, but provides significant additional proposals. While not comprehensive, here are some highlights of H.R. 5983:

- Combines more than two dozen bills providing regulatory relief for

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community financial institutions. One example is the provision to replace the current one-size-fits-all examination with a requirement that bank regulations be "tailored" according to the type of business model used. ICBM has been using the term "risk-based" examinations for many years in the same context;

- Ends "Too Big to Fail" and bank bailouts;
- Reforms the mission, leadership, and funding for the Consumer Financial Protection Bureau;
- Repeals the Volcker Rule;
- Demands more transparency and accountability from big banks;
- Increases penalties for fraud and deception.

More detailed information on the bill can be found [here](#).

### **Financial Services Roundtable Meets**

The Financial Services Roundtable met September 6 with U.S. Rep. Keith Ellison, D-Minn., along with representatives from ICBM and a wide variety of individuals from the financial services industry.

The agenda was very broad, but one topic that was discussed was the Durbin Rule and what kind of impact it has had since 2011 when it went into effect.

Durbin proponents argued in 2010 that if swipe fees on debit cards were reduced, the savings would go to consumers in the form of lower prices. Many studies indicate that retailers and merchants kept the savings, with the big box retailers gaining the most. It's estimated that merchants collected approximately \$36 billion in new revenue from these fee reductions since the effective date.

While bills have been introduced to repeal Durbin, it is expected that retailers and merchants are preparing to push for an expansion of Durbin's "cost controls" to credit card interchange rates. If they carry through with that proposal, the politics will be very contentious.

It's unlikely H.R. 5983 will be considered further this year. Washington lawmakers are now taking their five-week break running up to the election. After that, the lame duck Congress has several appropriation bills to pass prior to the New Year.

The Financial Roundtable was established by Congressman Ellison and former Minnesota Governor Arne Carlson just as Dodd-Frank was beginning to be considered. The roundtable brings together representatives of many types of financial businesses. Its purpose is to provide elected officials with background and counsel on financial issues coming before Congress. When established, members focused on the Dodd-Frank bill as it was being crafted. ICBM is one of the founding organizations and has continued to be an active participant.

### **ICBM Meets with Walz Staff**

ICBM met with the Chief of Staff to U.S. Rep. Tim Walz, D-Minn. on September 19. ICBM requested the meeting months ago to gain a deeper discussion of Farm Credit's actions.

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On December 2, 2015, the House Agriculture Committee held an informational meeting on Farm Credit. The agenda was extremely rare in that it entirely focused on Farm Credit's mission and actions. The hearing was called because of the high number of letters from constituents and questions during previous hearings about Farm Credit's activities.

ICBM shared with staff that the Congressman's comments at the December 2015 House Ag Committee Hearing were disappointing. The meeting was a unique opportunity for committee members to truly consider if Farm Credit is off mission or not. Staff from Farm Credit's "regulator" were there to testify. Rather than get into the questions of policy and mission, the Congressman asserted his support for crop insurance and its importance to both ag producers and lenders. He also asked if Farm Credit had the "tools they need."

## Save The Date

ICBM's 2017 [Day at the Capitol](#) is set for Thursday, January 19. The day's activities will begin and end at the Saint Paul Hotel.

The 2016 Tax Bill contained several provisions that benefit community banks and their small business customers. These issues will be at the top of our 2017 legislative agenda.

If you...

...favor increasing the exclusion amount when determining the Minnesota Estate Tax

...support a reduction in the State General Property Tax Levy that all businesses pay (which amounts to approximately one-third of a bank's total property tax bill)

...believe customers you have served for years should be able to maintain accounts at your bank even when they move out of state, without the accounts being used by the Minnesota Department of Revenue as an indication those same people may owe Minnesota income taxes

...make sure you attend ICBM's Day at the Capitol and help lobby for these pro-bank, pro-business, and pro-family positions.

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!

Do you know of any banking news happening in your region? Let us know. Email Joel Runck at [jrunck@icbm.org](mailto:jrunck@icbm.org) or call 651-789-3988.

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