RECENT LEGISLATIVE & REGULATORY SUCCESSES

Senate Passes Community Bank Regulatory Relief. In March 2018, the Senate passed a community bank regulatory relief bill (S. 2155) on a strong bipartisan vote of 67-31. In addition to relief for smaller community banks, S. 2155 includes provisions specifically designed for larger community banks with assets from $10 billion to $50 billion. ICBA is pushing for swift House passage of regulatory relief that can be sent to the President.

Tax Cuts and Jobs Act Provides Significant Tax Relief for Community Banks. The Tax Cuts and Jobs Act, signed into law in December 2017, provides significant tax relief for both C corporation and S corporation community banks. C corporations are taxed at a rate of 21 percent. S corporation shareholders are generally eligible for a 20 percent deduction of their business income. Among other significant changes, the new law generally preserves the interest deduction for business borrowers, which had been targeted for elimination, reduces individual tax rates, increases the standard deduction, and increases exemption levels for the individual alternative minimum tax and the estate tax. ICBA will press for extension of the individual provisions, including the pass-through deduction and AMT and estate tax relief, well before they are scheduled to expire year-end 2025.

Congress Overturns Arbitration Rule. In October 2017, Congress passed a resolution to rescind the CFPB's rule baring the use of arbitration agreements in consumer contracts. The resolution was narrowly approved in the Senate, and ICBA and community banks were instrumental in securing votes for passage.

Agencies Pause Certain Basel III Rules, Propose Capital Simplification. In August 2017, the federal banking agencies announced a pause in the phase-in of regulatory capital deductions and risk weights for mortgage-servicing rights, certain deferred tax assets and certain investments in other banks. These provisions were scheduled to be fully phased in in January 2018. In September, the agencies proposed raising the capital threshold deduction from 10% to 25% for the assets listed above. However, ICBA is concerned with proposed changes to the definition of a high volatility commercial real estate (HVCRE) loan (See Current Top Issues). ICBA has been a leading advocate for Basel III relief for community banks.

Treasury Withdraws Adverse Estate Planning Proposal. In October 2017, Treasury withdrew an Obama proposal that would have disallowed the use of well-established estate planning techniques for the transfer of family-owned businesses, increasing estate tax liability by as much as 35 percent. ICBA highlighted the adverse impact of this proposal on community banks and urged its withdrawal.

Small Dollar Loan Rule Includes ICBA-Backed Exemption. In October 2017, the CFPB released its final payday, vehicle title and certain high-cost installment loan rule. As advocated by ICBA, the final rule exempts from the onerous full-payment test and the principal-payoff option lenders that make 2,500 or fewer covered short-term or longer-term balloon-payment covered loans per year and derive no more than 10 percent of their receipts from such loans. The CFPB recently announced that it would reopen the rule. ICBA will advocate to protect and expand the exemption.

Appeals Court Vacates Fiduciary Rule. In March 2018, the U.S. Court of Appeals for the 5th Circuit vacated the Department of Labor's fiduciary rule which governs the provision of retirement investment advice. ICBA has advocated for full repeal of the rule because it reduces access to investment advice. The Trump administration had delayed portions of the rule. The Labor Department must now decide whether to appeal to the Supreme Court.