

PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

ICBA is pressing the Treasury Department and the Small Business Administration to create simplified forms and processes for the forgiveness of smaller PPP loans.

- » ICBA's recommendations include a forgiveness calculator and a presumption of forgiveness for all loans under \$1 million.

EXPENSE DEDUCTIONS FOR PAYCHECK PROTECTION PROGRAM BORROWERS

Under current Treasury guidance, a PPP borrower is not permitted to deduct ordinary business expenses paid with forgiven loan proceeds. This deduction denial effectively reduces the value of PPP forgiveness.

- » ICBA is supporting legislation that would preserve expense deductions for PPP borrowers.

CAPITAL AND ACCOUNTING RELIEF FOR COVID-RELATED ASSETS

ICBA is advocating for measures to support borrowers and lenders facing historically challenging circumstances. These include:

- » Extension of Troubled Debt Restructuring (TDR) provisions of the CARES Act;
- » Ensuring origination and/or holding of PPP loans has no impact on a community bank's risk-based capital and leverage ratios;
- » Making the 8% Community Bank Leverage Ratio (CBLR) permanent.

LIABILITY PROTECTION

ICBA supports a liability safe harbor for businesses from COVID-19-related suits. Community banks and small businesses have every incentive to ensure the safety of their employees and customers. Fear of opportunistic class actions or other suits will inhibit the restoration of economic activity and potentially transfer wealth from employers to trial lawyers.

Real Results for Your Bank



Congress Creates Dedicated Funding for Community Bank PPP Loans	Better Loan Terms for PPP Borrowers and Lenders	Community Banks Receive Assessment Credits	CFPB Raises HMDA Reporting Thresholds
The second round of PPP funding allocated \$60 billion for community bank loans: \$30 billion for banks with less than \$10 billion in assets and \$30 billion for banks with less than \$50 billion in assets.	Treasury increased the interest rate from .5% to 1%. Congress extended the window for spending PPP funds from 8 weeks to 24 weeks and lowered percentage that must be spent on payroll from 75% to 60%.	The credits totaled approximately \$764 million for community banks with assets under \$10 billion. Outcome due exclusively to ICBA, state association, and community bank grassroots outreach.	Effective July 1, the threshold for reporting data on closed-end mortgage loans increases from 25 to 100 loans. Effective January 1, 2022, the threshold for open-end lines of credit will be permanently set at 200 open-end lines of credit. This threshold had been set at 100 but was temporarily increased to 500.



CANNABIS BANKING

In September 2019, the House of Representatives passed a bill (H.R. 1595) to create a safe harbor from federal sanctions for financial institutions that serve cannabis-related businesses in states where cannabis is legal. The bill was approved on a broad bipartisan basis. ICBA is pressing the Senate Banking Committee to take up safe harbor legislation in some form.

- » House-passed bill clarifies legal status of hemp and CBD products.
- » ICBA was first national banking trade group to endorse H.R. 1595.
- » ICBA witness testified at hearing in advance of H.R. 1595.

BILL OFFERS RELIEF FROM BENEFICIAL OWNERSHIP DATA COLLECTION AND REPORTING

In October, the House passed a bill (H.R. 2513) to require businesses, rather than their banks, to report their beneficial ownership information to FinCEN. A similar bill, the Illicit Cash Act (S. 2563) is pending in the Senate. ICBA also advocates for modernized reporting thresholds under the Bank Secrecy Act.

- » ICBA released a white paper, “Modernizing Anti-Money Laundering and Anti-Terrorist Financing Laws and Regulations.”

ICBA “WAKE UP” CAMPAIGN TARGETS CREDIT UNION ABUSES

The mission of the campaign is to pursue legislative and regulatory changes to contain or reverse the expansion of credit unions and to draw media and public attention to the aggressive and frequently abusive nature of the industry.

- » ICBA released a white paper, “Do They Know They’re Tax Exempt?”, and other resources to bring attention to the issue.
- » ICBA grassroots campaigns have targeted an NCUA proposal to allow credit unions to issue subordinate debt and have urged NCUA to strengthen its rule on credit union-bank acquisitions.
- » ICBA is urging Congress to convene hearings on credit union-bank acquisitions.

ILC LOOPHOLE CLOSURE BILL INTRODUCED

In recent years nonbank technology companies have sought ILC charters under Utah law and filed FDIC deposit insurance applications. The

industrial loan company (ILC) loophole allows commercial companies to own ILCs, which are the functional equivalent of banks, and effectively mix banking and commerce. In March 2020, the FDIC approved the applications of Square and Nelnet. Rakuten and others have also applied for FDIC insurance and are awaiting a decision. The Eliminating Corporate Shadow Banking Act (S. 2839) would close the ILC loophole and grandfather existing ILCs. ICBA is seeking a House sponsor for the bill.

- » ICBA was the first national banking trade group to endorse S. 2839.
- » ICBA released a white paper titled: “Industrial Loan Companies: Closing the Loophole to Avert Consumer and Systemic Harm.”
- » ICBA is providing comments on a proposed FDIC rule regarding the oversight of parent companies of industrial loan companies.

TAX INCENTIVES FOR COMMUNITY BANK LENDING

The Enhancing Credit Opportunities in Rural America (ECORA) Act (H.R. 1872/S. 1641) would exempt interest earned on loans secured by agricultural real estate or primary residences in rural communities, from taxation. The Access Business Credit Act (H.R. 4805) would provide that interest on small business loans held by community banks is tax exempt.

- » Ask your Representative and Senators to cosponsor the ECORA Act and the Access Business Credit Act.

FEDNOW IMPLEMENTATION

The launch of FedNow is approximately three years away, but community banks should begin planning their payments strategies now to be sure they can take full advantage of the system once it becomes available.

- » ICBA is the only national banking trade group to call for the Federal Reserve’s active involvement in faster payments.
- » ICBA urges community banks to develop an emerging payments strategy that encompasses real time payments and to actively evaluate the ability to receive payments sent by FedNow or The Clearing House’s RTP.
- » ICBA supports the U.S. Faster Payments Council in its mission to facilitate a world-class payment system where Americans can safely and securely pay anyone, anywhere, at any time and with near-immediate funds availability. ICBA encourages community banks to join and actively participate in the U.S. Faster Payment Council.