



Mutual Alert

House Republican Leadership Endorses H.R. 3791 With Special Mention in Election Year Legislative Campaign

House Speaker Ryan introduced this week what he entitled “A Better Way: Our Vision for a Confident Future.”

<https://ofchq.snl.com/Cache/6C8F14DB6334741047.PDF?Y=&CachePath=%5c%5cdmzdoc1%5cwebcach%24%5c&O=PDF&D=&IOP=1&T=&KIDT=4> This document represents the House Republican agenda for what is termed a “clear conservative choice for a better way forward.” Among other areas such as national security, the agenda contains a number of proposals for regulatory relief that should be very attractive to community banks generally. It proposes reducing the ease with which agencies can issue regulations and would repeal various provisions of Dodd-Frank. The provision that is most notable to mutuals is the section that addresses capital formation for small businesses. In that section the document states:

Help Community Banks Raise Capital: Small bank and thrift holding companies face unique challenges with regard to capital formation. The environment in which these financial institutions operate has become more challenging with massive increases in the regulatory burden. For example, community banks and their holding companies are currently subjected to arbitrary capital rules and other regulations that hurt their ability to fuel economic growth and job creation in the communities they serve. H.R. 3791, introduced by Rep. Love would make it easier for small community banks to raise capital and issue debt in order to make acquisitions and form new bank and thrift holding companies and would help ensure the nation's smallest financial institutions can continue to lend in their communities and serve their customers.

The reference to H.R. 3791 is very encouraging in that it now has the backing of the House leadership in a very public way. It is among numerous Bills that have passed the House or been endorsed by Chairman Hensarling, has been singled out for special mention. We are pleased that this level of prominence will elevate the Bill in the Senate to a higher priority than it has heretofore been given. The ability to use a mutual holding company without public ownership to fund bank equity purchases with holding company debt issuance is a game changer for mutual banks seeking growth. We urge you once again to contact your Senator to express support for this legislation.