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CBAI's Quarterly Staff Visit to D.C Delivers the Community Bank Position on Important Issues

CBAI's David Schroeder, SVP Federal Governmental Relations, was in Washington D.C. for his quarterly visit the week of March 2nd. Schroeder updated the Illinois Congressional Delegation on important issues for Illinois community banks; he met with Blake Paulson, the OCC's new Senior Deputy Comptroller for Midsize and Community Bank Supervision, and discussed the implementation of the Current Expected Credit Loss (CECL) model; and also met with senior legislative and regulatory staff of the Independent Community Bankers of America (ICBA).

Once again during this visit, at the top of the discussion agenda was the acquisition of tax paying community banks by tax-exempt credit unions. These acquisitions are just the latest example of credit unions staying far from their founding mission of serving individuals of modest means and with a common bond. Schroeder highlighted a report from the independent [Tax Foundation](#) which stated that the credit union tax exemption cannot be justified on the grounds of sound tax policy and its repeal would make the tax code more equitable. This and many other studies and findings challenge the very reasons behind the credit union tax exemption. CBAI joins the ICBA in calling for Congressional hearings to address credit union abuse.

[Read the Independent *Tax Foundation* Report on Credit Unions »](#)

[Read the ICBA's *Wake Up to the Real Story* to learn about the impact on Illinois from the Credit Union Tax-Exemption »](#)

[Visit ICBA's *Wake Up* webpage »](#)

Schroeder expressed CBAI's support for the Senate passage of the SAFE Act (S. 1200) and highlighted the Associations response to concerns about cannabis raised by Senate Banking Committee Chairman Mike Crapo (R-ID). At the request of several members of the Illinois Delegation, Schroeder described examples of unfortunate and unnecessary workarounds resulting from not being able to legally provide financial services to cannabis related businesses.

[Read the CBAI Comment Letter to Senator Mike Crapo »](#)

Schroeder expressed CBAI's support for legislation to close the Industrial Loan Company (ILC) regulatory loophole. This issue has been dormant for over a decade since Walmart was blocked from its attempt to offer banking and financial services. Most recently, financial technology firms are eyeing ILCs as a backdoor entry into our industry without the regulation of their holding companies (i.e., loophole) by the Federal Reserve. ILCs represent an unacceptable mixing of banking and commerce and an elevated risk to the FDIC's Deposit Insurance Fund.

Schroeder also expressed support for the modernization of the Community Reinvestment Act (CRA) and encouraged additional legislative and regulatory accomplishments to reverse the trend of losing one community bank a day to consolidation, which when combined with an increased concentration of banking assets in the largest banks and non-banks, poses a pernicious threat to our financial system and economy.

[Read CBAI's Hill Meeting Priorities »](#)