

PERMISSION TO POSTPONE ADOPTION OF AMENDMENT NO. 1 ON H.R. 3791

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that the question of adopting amendment No. 1 on H.R. 3791 may be subject to postponement as though under clause 8 of rule XX.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

RAISING CONSOLIDATED ASSETS THRESHOLD UNDER SMALL BANK HOLDING COMPANY POLICY STATEMENT

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 671, I call up the bill (H.R. 3791) to raise the consolidated assets threshold under the small bank holding company policy statement, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 671, the bill is considered read.

The text of the bill is as follows:

H.R. 3791

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CHANGES REQUIRED TO SMALL BANK HOLDING COMPANY POLICY STATEMENT ON ASSESSMENT OF FINANCIAL AND MANAGERIAL FACTORS.

(a) IN GENERAL.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Board of Governors of the Federal Reserve System shall revise the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors (12 C.F.R. part 225—appendix C) to raise the consolidated asset threshold under such policy statement from \$1,000,000,000 (as adjusted by Public Law 113–250) to \$5,000,000,000.

(b) CONFORMING AMENDMENT.—Subparagraph (C) of section 171(b)(5) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5371(b)(5)) is amended to read as follows:

“(C) any bank holding company or savings and loan holding company that is subject to the application of the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors of the Board of Governors (12 C.F.R. part 225—appendix C).”

The SPEAKER pro tempore. After 1 hour of debate on the bill, it shall be in order to consider the amendment printed in part B of House Report 114–489, if offered by the Member designated in the report, which shall be considered read and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent.

The gentleman from Texas (Mr. HENSARLING) and the gentlewoman from California (Ms. MAXINE WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous materials on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HENSARLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in strong support of H.R. 3791, which is a much-needed regulatory relief bill and economic growth bill, sponsored by an outstanding, energetic, and inspirational freshman on our committee, the gentlewoman from Utah (Mrs. LOVE).

As we look at the state of our economy today, we know one thing is for certain, Mr. Speaker, and that is that the economy is still not working for millions of working Americans. The economy is underperforming dramatically by any historic standard.

Given how far the economy fell from the Washington induced real estate bubble burst of 2008, history shows us that we should have had faster growth than normal during a rapid rebound phase. But it didn't happen, Mr. Speaker. There hasn't been a single year where economic growth has even reached 3 percent.

One published report on this failure noted:

There is no parallel for this since the end of World War II, maybe not since the beginning of the Republic.

Last quarter's GDP growth of only 1 percent just punctuates the matter again for working families that find themselves working harder for less. They have seen their paycheck shrink by more than \$1,600. No wonder 72 percent of all Americans believe the country is still in a recession, because they are living that reality every day. For them, the recession never ended.

I don't need polls telling me, Mr. Speaker, that the economy is not working for working families because virtually every day I receive emails or letters like these:

Carla from Mesquite, Texas, in my district writes:

We are struggling to make ends meet. My husband had temporary work for 3 months. The last 2 years, he has been looking for work and not finding any.

Michael from the town of Forney in my district back in east Texas writes:

I hear on the news how the economy is improving and I see Wall Street making money. Average folks like me are not seeing any economic improvement.

The painful truth is that the Washington hypercontrolled economy, again, is failing low- to moderate-income Americans. They simply want a fair shot, a fair shot at economic opportunity and financial security.

Perhaps nowhere—nowhere—is the hyperregulation of Washington being felt more than when it comes to the

customers of Main Street community banks. These banks are being buried under an avalanche of red tape, which is increasing costs for those customers, restricting their choices, and harming their personal finances.

Let's just look at a few examples, Mr. Speaker. Credit card rates have risen drastically, making them unaffordable and unavailable for a number of would-be borrowers. Federal regulations now on auto loans could hit some borrowers hard with a nearly \$600 increase in interest payments on a \$25,000 loan over a 4-year period.

Small business lines of credit have been cut back dramatically. And incredibly, the incredible regulatory burden placed on home buyers has now complicated the buying process and has led to fewer community banks offering home mortgages.

The fact is all of these higher costs are being felt at the same time that paychecks and savings are stagnant for working families. It just compounds the problem. The sheer weight, volume, and complexity of all of these regulations is killing prospects for new jobs, killing opportunities to spur economic growth, and it is harming working Americans. It is killing their ability to achieve financial independence through their home mortgages, through their auto loans, through their credit card loans, and through their small business lines of credit.

So it is on their behalf and on behalf of the Carlas and the Michaels of America, and millions of others like them, that we are here to pass a very simple, but very helpful, bill. It is a commonsense piece of legislation.

The bill, again, sponsored by the gentlewoman from Utah (Mrs. LOVE), will make it easier for our small hometown community banks to raise capital so that capital, this very same capital, can be turned around and turned into local jobs and economic growth on Main Street.

We know that passing this bill will immediately—immediately—benefit more than 400 community banks all across America. Not big banks, Mr. Speaker, not Wall Street banks, but community banks. Those are the banks, historically, that focus their attention on the needs of our local families, our small businesses, and our farmers.

As a matter of fact, passage of this bill is a longstanding goal of the Independent Community Bankers of America. At the end of the day, we shouldn't pass this bill simply because it is good for community banks. We should pass this bill because it is good for their customers—the people who benefit from the loans and services that our community banks provide, the people who will work at the jobs, the people who will help create this stronger economic growth.

Wouldn't it be nice to hear for a change that community banks are once again hiring new loan officers to serve their communities as opposed to more

regulatory compliance officers to serve their Washington masters?

That is how you help capitalize more small businesses and help families pay their bills, plan for the future, and achieve the dream of financial independence.

I, again, applaud the gentlewoman from Utah (Mrs. LOVE) for her leadership for fighting tenaciously for working families in her district and all across America.

I urge all Members to support and adopt H.R. 3791.

I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are now considering a bill that not only could put our community banks at risk, but strikes at the heart of why compromise in Congress can be so challenging.

H.R. 3791 would direct the Federal Reserve to raise the asset threshold under the small bank holding company policy statement, allowing small banks and private equity firms to take on additional debt for mergers and acquisitions. The threshold would be increased to \$5 billion in consolidated assets from \$1 billion. Let me stress that this would be 5 times as much as the current threshold and 10 times as much as the initial level that was in place before a bipartisan compromise was enacted last Congress.

The small bank holding company policy statement is important because it allows small institutions, like community banks and minority-owned depositories, to access additional debt so they can continue serving their communities. However, it is important that this threshold is carefully calibrated so it cannot be abused by speculative investors.

If the threshold is raised too high, it will have the opposite of the intended impact. It will lead to mergers and acquisitions, riskier banking activities, and a reduction in banking services and credit availability to rural, low-income, minority, and underserved communities.

Indeed, Democrats and Republicans on the Financial Services Committee worked together just a little over a year ago to provide relief to almost 5,000 community banks by doubling the asset threshold under the policy statement to the current level of \$1 billion from \$500 million in assets. We did so after working closely with regulators and determining that \$1 billion was the most appropriate threshold to help community banks grow without making them targets for mergers and acquisitions. At \$1 billion, the policy statement covers 89 percent of banks in the country, providing relief to the vast majority of community banks and minority-owned depository institutions.

I am trying very hard to understand why my colleagues are reneging on that compromise and undermining the careful, considerate policy that we en-

acted. The administration has threatened to veto this measure because of the potential danger to our smaller banks and to the communities they serve. They have called this bill an unnecessary and risky change because we know what will happen if the Federal Reserve has to make this change.

For one, raising the threshold would have a serious impact on the consolidation of community banks. The majority purports to be concerned with consolidation in the banking industry and the disappearance of community banks.

This bill will all but ensure that larger banks and investors come in and purchase smaller banks and then cut branches in the communities that need them the most. We have already seen this happen with banks across the country, both large and small, that have been forced to shut down hundreds of branches because investors and shareholders demand higher and higher returns.

I supported the change we made last year to \$1 billion because it would help ensure that small community banks are able to continue serving their communities. That is the point of the small bank holding company policy statement. We must help our communities retain access to local banks that know the specific needs of their consumers and small businesses.

This bill would do the opposite. Even those that did survive wouldn't be able to provide the same personalized service because of their size. I am particularly concerned about how this would impact our underserved communities.

Another problem with this legislation is that it would allow banks with as much as \$5 billion in assets to operate under lower standards and less oversight by regulators. Many community banks failed during the 2008 financial crisis because they became overleveraged. Certainly, if a bank makes bad decisions in the amount of risk they take on, then it is appropriate to let it fail, but the failure of any bank, and especially a bank with up to \$5 billion in assets, has a tremendous impact on the community it serves and on the Deposit Insurance Fund.

At the end of the day, more bank failures will increase premiums for all the banks protected by the Deposit Insurance Fund. We cannot allow reckless behavior that benefits investors and bank shareholders at the expense of small banks and the communities they serve.

Mr. Speaker, H.R. 3791 is not a small change. It is a risky move that threatens both bipartisanship and these already polarizing times, as well as the safety and soundness of our community banks and the customers they serve.

□ 1245

I urge my colleagues to join me in voting "no" on this bill. Mr. Speaker and Members, allow me to reiterate the point. We worked very hard in reaching across the aisle, in making com-

promise, in making commitments to each other, and in agreeing that we would raise the asset limit from \$500 million to \$1 billion. We had that agreement, and before the ink was dry on the deal, here we have a bill that says: So, we really didn't mean it. We want to raise it to \$5 billion. Ha, ha, ha.

People wonder why we don't compromise more, why we can't get together more, why we can't understand what is in the best interests of all of our constituents, to put aside our differences, and work on behalf of those people we say we care about. The other side claims it cares about community banks. Then why would it renege on this agreement? If it cares about community banks, why would it put them in the position of being bought up by private equity firms and special money interests, which only want to find a way to make more money and more profit by closing down branches and firing people? That is what they do. When these private equity firms come in, they borrow a lot of money in order to make these kinds of purchases. Then guess what? They have to take the money back. So guess who are the victims of this kind of agreement? They are the small banks and the constituents.

While my chairman—a gentleman whom I like very much and get along with very well—opens with statements that have nothing to do with this bill and while he talks about the plight of those in our communities who are suffering, let me tell you why they are suffering not only in his community but in communities across this country. It is because in 2008, we had a subprime meltdown and a crisis that was created by these kinds of reckless public policy attempts. We discovered that, because of all of the exotic products and all of the recklessness of some of the big banks and others, we put our people at risk, and we put our constituents at risk. Guess what? They lost their homes. Many of them are homeless and are on the streets now. Many of them cannot afford the rents that have risen because of the crisis that we have come out of.

If you really want to help small banks and community banks and if you really want to help your constituents, you will not be for a bill like this one. This only puts them at risk. I ask my colleagues to vote "no" on this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield myself 30 seconds to say, number one, I find it incredible that the ranking member would say that this is going to harm community banks, which kind of begs the question: Why are they all for it? We already have their endorsements.

If the gentlewoman is concerned about big banks gobbling up small banks, then maybe it is time to repeal Dodd-Frank since the big banks have gotten bigger and since the small

banks have become fewer, and the small banks tell us that it is Dodd-Frank that is killing them. This is a bill that will help small banks survive. They will merge together as opposed to disappear from our rural communities.

With respect to increasing risk, I would urge the ranking member to read the Fed's policy statement, which reads that the Board may, in its discretion, exclude any small bank company regardless of asset size. So that takes care of that issue.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from Utah (Mrs. LOVE), the author of the bill.

Mrs. LOVE. I thank Chairman HENSARLING for his support of this bill.

Mr. Speaker, economic freedom and personal freedom run hand in hand. In order to enjoy our personal freedom, Americans need access to credit as individuals, on behalf of their families, and in their businesses. That is why I am so proud to have introduced this bill.

H.R. 3791 is a very simple bill to help small banks and savings and loan companies get access to the capital they need so as to make credit available in their communities.

These small banking institutions are critical to the people and the communities in which they reside. They support the credit needs of families, of small businesses, of farmers, and of entrepreneurs. A community bank is often the principal lending source for many people whether they are purchasing a home, starting a new business, or purchasing a vehicle. In many counties around the Nation, a community bank is the only banking presence that residents have.

When these community banking institutions are overwhelmed with regulations and mandates, many of which are meant for larger institutions, it is the hardworking middle-income and low-income families in those communities who suffer the most. Mr. Speaker, it is about people. Community banks give people the credit they need to pursue their dreams—to buy a home, to start a business. In fact, proximity to a community bank increases the chances that new small businesses will be approved for loans and will have the chance to succeed.

By raising the consolidated asset threshold under the Federal Reserve's small bank holding company policy statement from \$1 billion to \$5 billion in assets, over 400 additional small bank and thrift holding companies will qualify for coverage under the policy statement and, therefore, will be exempt from certain regulatory and capital guidelines.

These capital standards were originally established for larger institutions and disproportionately harm small holding companies. Many holding companies that are above the current threshold face challenges with regard to capital formation just when regulators are demanding higher capital

levels. These exemptions provided in the policy statement make it easier for small holding companies to raise capital and issue debt. This bill is about making sure regulations fit the size of the institution.

Mr. Speaker, a similar effort was passed into law during the last Congress under suspension in the House and by unanimous consent in the Senate. That bill raised the threshold from \$500 million, where it has been since 1996, to \$1 billion. That legislation also extended the exemption to savings and loan holding companies. While we are glad that we were able to achieve that increase which helped, roughly, 500 small bank and thrift holding companies, we would like to extend those benefits further. H.R. 3791 would bring more than 400 additional small institutions within the scope of the policy statement.

One success story that we have already seen from the previous increase was an instance in which 35 bank holding companies pooled their resources to issue debt under the policy statement. That debt was then downstreamed to the respective banks, where the capital was then used to make loans in the communities they serve, illustrating the great multiplier effect that the policy statement can produce. H.R. 3791 seeks to extend that flexibility and success to a greater number of small institutions and the communities they serve.

Opponents of this increase have alleged that changing the regulatory threshold would put communities and the Deposit Insurance Fund at higher risk, but the policy statement contains several safeguards that are designed to ensure that small bank holding companies that operate with the higher levels of debt permitted by the policy statement do not present an undue risk to the safety and soundness of their subsidiary banks.

Mr. Speaker, to sum this up, this bill is not about supporting banks. It is about supporting families, communities, and small businesses. It is about making sure that a small-business owner, like my constituent Jennifer Jones, has access to the credit she needs to expand her early childhood academy, where she teaches children to read before they reach kindergarten. It is about families who are sitting around their kitchen tables and are imagining the possibilities of renovating or of improving their homes. It is about that entrepreneur who is starting a restaurant and being her own boss. It is about the thousands of new jobs that will be created in those communities as a result.

The raising of the threshold received widespread bipartisan support in the last Congress, and I hope that the people will receive equal support this time.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY).

Mrs. CAROLYN B. MALONEY of New York. I thank very much the ranking member for yielding and for her leadership on this issue.

Mr. Speaker, I rise in opposition to H.R. 3791.

I would like to note the Statement of Administration Policy on this bill, which reads that the bill "amounts to an unnecessary and risky change." I am disappointed that we are even considering this bill, because I thought that we had reached a thoughtful compromise—a good faith compromise—on this issue last year.

Last Congress, we came together in a bipartisan way to increase the threshold for small banks that want to make acquisitions of other banks or financial companies and that want to finance these acquisitions based—and dependent to some extent—on debt. The Fed used to prohibit banks with more than \$500 million from using debt to finance these purchases, but in recognizing that this threshold was out of date, we worked together to raise the threshold to \$1 billion last Congress. I was proud of that deal, and I thought it reflected a good faith compromise in the Financial Services Committee.

Now, less than a year later, our colleagues in the majority, apparently, want to change the deal. They want to raise the threshold from \$1 billion to \$5 billion—a 500 percent increase over the deal that we just struck a year ago. A \$5 billion bank is, needless to say, significantly larger than a \$1 billion bank, and a \$5 billion bank likely engages in a much broader range of activities than does a simple \$1 billion community bank.

Raising the threshold to this level would actually facilitate more consolidation among community banks. Banks at the high end of the \$5 billion level would take on more debt, buy smaller banks, which would, thereby, lead to the deterioration of community bank branches in the neighborhoods that we represent, and it would also lead to fewer jobs as they then seek to slim down operations.

The current policy statement already covers 89 percent of the banks in the country. Eighty-nine percent of the banks are covered by the deal we struck last year, so raising this level further is not warranted. It is risky. It is unnecessary. The Statement of Administration Policy says that it will be recommending a veto from the President of the United States. It is unnecessary; it is unwarranted; and it reverses a spirited compromise and good policy.

I urge my colleagues to vote "no."

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. LUETKEMEYER), the chairman of the Financial Services Committee's Subcommittee on Housing and Insurance.

Mr. LUETKEMEYER. Mr. Speaker, today, the House will consider H.R.

3791, legislation to raise the consolidated asset threshold under the Federal Reserve's small bank holding company policy statement.

To say that the current regulatory environment presents challenges for small financial institutions would be a drastic understatement. Today, regulators require more and more from community-based institutions in terms of both regulatory oversight and capital requirements. Mrs. LOVE's bill seeks to alleviate some of the pressures that are facing our community banks.

Small bank and thrift holding companies confront unique challenges with regard to capital formation, which is of particular concern at a time when regulators are demanding more capital. In understanding these challenges, the Fed has recognized that small banks have limited access to equity financing.

The Federal Reserve's small bank holding company policy statement gives relief from certain capital guidelines and requirements, making it easier for a community bank to raise capital and issue debt and to make acquisitions and form new banks and thrift holding companies.

□ 1300

Our Nation's smallest banks have faced significant recession, consolidation, and an alarming number of bank failures. By increasing the threshold in the Fed's policy statement from \$1 billion to \$5 billion, we have the opportunity to help an additional 400 true community banks.

I know that the last speaker was concerned about 89 percent of the banks being already under this policy, but we are talking about 400 more communities that we can help to be able to have access to a regular stream of credit, rather than have to have increased costs and also bear restricted services from those banks.

H.R. 3791 will go a long way in ensuring that our Nation's smallest institutions are able to grow stronger and continue to serve their communities.

I want to thank Mrs. LOVE for her leadership on this issue. I ask my colleagues to join me in supporting the bill.

Ms. MAXINE WATERS of California. Mr. Chairman, may I inquire as to how much time we have remaining?

The SPEAKER pro tempore. The gentleman from California has 18 minutes remaining. The gentleman from Texas has 16½ minutes remaining.

Ms. MAXINE WATERS of California. I yield myself such time as I may consume.

Mr. Speaker and Members, my friends on the opposite side of the aisle, who have brought this bill to the floor, claim they care about community banks, even when we know this bill will just result in more consolidation among small financial institutions.

Just yesterday the Republicans repealed the mechanism by which we would wind down systemically impor-

tant firms. This puts us back to the days of September 2008, when our largest financial institutions could not only threaten the entire economy, but also the stability of our community banks.

Remember that when Wall Street banks cratered our mortgage system, they devastated the entire economy in ways that damaged not just workers and borrowers, but also small financial institutions.

Republicans, likewise, later today will repeal the independent funding for the Financial Stability Oversight Council, our regulator expressly charged with examining the largest, most interconnected, most complex, Wall Street firms.

Again, the Republicans want the biggest players to escape scrutiny, thereby threatening our smaller community institutions.

Republicans also have failed to put forward credible housing finance reform. Recall that in 2013 the chairman brought up his PATH Act, which would have all but excluded small banks and credit unions from the secondary market, especially handing the keys to our mortgage markets over to the largest Wall Street banks.

By eliminating Fannie Mae and Freddie Mac, community financial institutions across the country would have had mortgage lending come to a halt.

Finally, remember that Republicans are willing to hold our government hostage over favors that help the largest banks and only expose our community financial institutions to more risk.

We need not go too far back to remember the 2014 fight over the government spending bill, where Republicans were willing to risk a government shutdown in order to repeal Dodd-Frank's swaps pushout rule, which would have required our largest banks to separate their riskier derivatives activity from the accounts holding depositors' money.

Let us be clear. My chairman has said over and over again, and never fails to remind us, that he hates Dodd-Frank. He wants to get rid of Dodd-Frank reforms. He said he would do anything to get rid of Dodd-Frank and the reforms that were put in place by the Congress of the United States and signed by the President.

He forgets what happened in 2008. He forgets the meltdown. He forgets the risk. He forgets about the almost depression that we found ourselves in.

He does not want to strengthen the hand of regulators. He does not believe that our regulators should have on their agenda consumer protection.

That is why, in all of this struggle, whether it is talking about the small banks or—you should hear him on the Consumer Financial Protection Bureau. He hates that Bureau, and he wants to dismantle that Bureau because they do not want regulations, really, for the biggest banks in this country.

Oftentimes, what they are doing is they are benefiting the big banks, but they are making it look as if they are benefiting the smaller banks. So we have to push back very hard on these attempts.

Moving from \$1 billion to \$5 billion is an absolute unraveling of our agreement. It is wrong to work so hard with the opposite side of the aisle and come to an agreement, only to have them renege on it.

But, in the final analysis, it is because they would rather put their influence and their time in on what amounts to helping the big banks and not the small banks and forget about what this does to our communities.

I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. SCHWEIKERT).

Mr. SCHWEIKERT. Mr. Speaker, I thank the chairman and, also, my good friend Congresswoman LOVE. She actually has become a very valuable member of the Financial Services Committee.

I appreciate this bill. We have to talk through something because there is something here that is just bordering on—you know, we are passing each other in the night here. That makes absolutely no sense.

Dodd-Frank: I accept some folks bathe in love for it, but it has made the big, money-center banks bigger. So a bill comes along that says there is this concentration—if you believe it is a concentration of risk—because these banks are growing bigger and bigger and bigger. And one of the big reasons they are growing bigger is because they can amortize the regulatory risk over a much bigger book of business.

The money-center banks are \$2 trillion institutions. We are talking about a \$5 billion step-up here. The small banks, which we are losing one a day, cannot cover these costs. Their regulatory costs on a much smaller book of business is putting them out of that business.

So if you want to make the big banks smaller, you can try to regulate them more. But they have demonstrated that actually is their competitive edge in the world right now. What you need to do is compete them out of their hugeness, if that is a word.

If you care about competition, if you want to stay with your rhetoric that, hey, we need to deal with these big banks and we need to keep regulating them, then create a market where other banks can start to take parts of their market share because the big banks have a different cost of money.

They have this ability to take this huge regulatory environment—sometimes five different agencies that have some level of prudential coverage—and amortize it over a book that is \$2 trillion.

How about giving smaller institutions a chance to start taking some of their market share? That is what Mrs. LOVE's bill does.

It starts to say—and we are still talking something that is tiny in the banking world—let these holding companies get up to \$5 billion. Let them actually start having a fighting chance to take some of this regulatory burden that has been shoved down their throats and start to amortize it over a little bit larger book. Because if you leave it at the smaller institutions, they cannot compete.

If you want to make the big banks smaller, create an environment where they face competition. This is a classic argument around here. Do you believe that you make the world safer by layer and layer and layer of regulation? Well, that worked great in 2008, didn't it?

We are going to file our paperwork and maybe next quarter some regulator will look at it and maybe the next 6 months someone will write a letter about it. Or do you want an environment where there is so much competition out there that there is lots of optionality in the financial markets? That is what we are looking for here.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HENSARLING. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Arizona.

Mr. SCHWEIKERT. Mr. Speaker, it is a fairly simple argument. If you want a competitive, robust financial market in our banking world, where institutions have the ability to survive because of the crushing costs that Dodd-Frank has created. This is a simple, simple bill. It is just a chip off the iceberg that is Dodd-Frank.

Think about it in a way that this is the first step to try to create more competition to those big banks that I hear the left rail on day after day. This is a good piece of legislation.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, may I inquire how much time is remaining on both sides, please.

The SPEAKER pro tempore. The gentleman from Texas has 13 minutes remaining. The gentlewoman from California has 13½ minutes remaining.

Mr. HENSARLING. Mr. Speaker, may I inquire, also, whether the other side has any more speakers?

Ms. MAXINE WATERS of California. Mr. Speaker, we have no more speakers.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. NEUGEBAUER), the chairman of the Financial Institutions and Consumer Credit Subcommittee.

Mr. NEUGEBAUER. Mr. Speaker, I thank the chairman for the time. I also want to commend the gentlewoman from Utah (Mrs. LOVE) for an outstanding piece of legislation.

I rise today in support of H.R. 3791. Sometimes we get up here and we talk about things in a technical way. And let me just explain to you what this good piece of legislation does.

Unfortunately, over the last few years, we have lost over 1,000 commu-

nity banks in our country. In fact, we are losing them at the rate of about one a day right now.

That is important to my district because I am from the 19th Congressional District, which is a relatively rural district. I have a lot of small communities that have community banks in there. Some of them have been in business 75 or 100 years.

Unfortunately, in this environment, because of all of the regulations coming out of Dodd-Frank, many of these financial institutions are no longer viable on a standalone basis.

What is the alternative? Well, the alternative for those small banks is to search for someone to purchase them so that that bank can remain in that community.

In Texas, for example, this bill would allow 44 small bank holding companies to be able to help absorb some of those smaller banks.

Why is that important? Because in many of those communities, that little community bank is really one of the last corporate citizens standing there. They are the ones that sponsor the scoreboard for Friday night football, which is kind of big in Texas. They are the ones that support the chamber of commerce.

So what the Federal Reserve recognized is that, normally, they don't allow debt to be used as the transaction for larger holding companies, but they realized going out and getting capital for these small purchases is difficult.

So what the Federal Reserve has said is: Well, we are going to allow them to use up to 75 percent of the purchase price that can be debt.

Now, this does nothing about the safety and soundness. In other words, the holding companies that are purchasing these still have to maintain the appropriate capital ratios and all of those other things.

So this in no way affects the health of the banking industry, but it does facilitate the ability to make sure that these small community banks are able to stay in the communities they are in by being purchased by an entity that is a little bit larger that can amortize that cost.

I encourage my colleagues to support H.R. 3791 and support community banks.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas (Mr. HILL).

Mr. HILL. Mr. Speaker, Congresswoman LOVE stands with Main Street. Main-Street-based community banks are why we are on the floor today, because they are at the heart of helping our families start new restaurants, get consumer financing, finance our farmers.

I come from a very rural state, Arkansas, and 70 percent of the agricultural production loans in this country

are made by our locally owned community banks.

Making it easier for them to raise capital makes it easier for our consumers and businesses to get the credit they need. For every dollar raised in capital at our banks, \$10 can be put into lending into our communities. And small bank holding companies have less access to equity financing than their larger counterparts. It has always been that way. So this effort makes complete common sense, to allow small bank and thrift holding companies to expand their capital base in an easier and more directed manner.

Dodd-Frank made it harder to raise capital because of the changes in the law about trust preferred securities and other ways that many, many small banks raised capital. So this policy statement change that Mrs. LOVE proposes is well-timed.

□ 1315

There is bipartisan support for raising this threshold to \$5 billion, notwithstanding the comments heard in today's floor conversation. Senator BROWN, Democrat in the Senate, with Mr. VITTER in the Senate last Congress, proposed \$5 billion as the appropriate level for this effort.

Additionally, Mr. Speaker, concerning the ranking member's comments about raising the threshold on carte blanche relief under the policy statement that might lead to unsafe conditions, that is, in my view, not correct, Mr. Speaker, as there are numerous other restrictions and criteria that continue to apply, and the Federal Reserve retains the right to impose capital standards if it determines it necessary to protect the safety and soundness of the institutions.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HENSARLING. Mr. Speaker, I yield the gentleman an additional 30 seconds.

Mr. HILL. This bill is about Main Street and economic growth, and it surprises me as just a Member of Congress that our President, President Obama, would issue a veto message on this bill.

This bill is about economic growth, and I applaud my good friend from Utah's efforts at championing this bill. I urge my colleagues to support its commonsense design and measure.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to set the record straight. I have in my hand a statement from United States Senator SHERROD BROWN. It is a statement on House Bill to Alter Federal Reserve Small Bank Holding Policy Statement. U.S. Senator SHERROD BROWN, ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs, issued the following statement today on legislation—that is this legislation, H.R. 3791—that would increase

the asset threshold for the Federal Reserve small bank holding company policy statement: "I understand that proponents of H.R. 3791 have mentioned a similar provision that I included in a larger bill in 2013 as somehow relevant to the current debate before the House of Representatives. It might be relevant if the House was also engaged in a real effort to address too big to fail, and it might be relevant if time had stood still. But since 2014, Congress and regulators have provided significant regulatory relief to community banks and raised the threshold of the small bank holding company policy statement to \$1 billion. Raising the threshold to \$1 billion was where Congress, regulators, and stakeholders could find broad bipartisan consensus on this issue, and I support that. I do not believe we should take further action to raise the threshold, and it is wrong to suggest otherwise."

So, ladies and gentlemen on the opposite side of the aisle, don't use SHERROD BROWN's name one more time because this statement puts that to rest. He is not in support of raising this threshold to \$5 billion.

Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from New Hampshire (Mr. GUINTA).

Mr. GUINTA. Mr. Speaker, I thank the chairman. I rise in support of the gentlewoman from Utah's bill that would allow more small bank holding companies to raise the necessary capital to better serve not only their customers, but their communities.

H.R. 3791 would raise the consolidated asset threshold from the Federal Reserve small banking holding company policy statement from \$1 billion to \$5 billion. By simply raising this asset threshold, more institutions would be able to qualify for coverage under the policy statement and be exempt from the ongoing burdensome regulatory guidelines.

My home State of New Hampshire is chock-full of community banks and community-based financial institutions, and having a higher threshold would help more community banks in my State and others across the country meet their higher capital requirements under Basel III.

I appreciate this commonsense approach that the gentlewoman from Utah is taking, and I appreciate her leadership because just in my State, we have had a 20 percent reduction of community banks. That means the average individual who is looking for an additional loan, whether it is personal or to start a new business, they can't get access to that capital. That is hurting the very people that the other side tries to claim to support.

Just last week I heard about a woman who recently was divorced, had two kids, and is a nurse. She was looking for a mortgage to start her new life again. She was denied because of these burdensome regulations. That should

not be the intent in this country. We should be able to help those individuals who are trying to succeed, create a better life, give their children opportunity. H.R. 3791 does just that.

I urge my colleagues to vote "yes" on the bill. I, again, thank the gentlewoman from Utah for her leadership.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. KATKO).

Mr. KATKO. Mr. Speaker, while the financial crisis certainly showed that targeted regulations were needed to protect our financial system, it also showed that the real threats to the system did not come from community banks and other small financial institutions. Yet, because of high compliance costs and a fiendish complexity of the Dodd-Frank law, which all too often fails to recognize the lower risks posed by these institutions, they have been put at a disadvantage.

This bill is part of the effort by the House to institute targeted reforms and ensure that we are not holding back small, stable institutions that millions of individuals and small businesses trust.

H.R. 3791 is a well-targeted bill that will make it easier for small bank holding companies to raise capital and provide needed regulatory relief by raising the consolidated asset threshold for small bank holding companies. In doing so, this bill will benefit local economies and improve the health of the American economy as a whole.

At the same time, the bill contains important safeguards to ensure that the financial system isn't put at greater risk. In short, this bill is exactly the kind of measured approach that Congress should take to protect homeowners and investors while also ensuring that we have a vibrant, well-functioning financial sector.

I would like to thank Representative LOVE for her work on this bill and Chairman HENSARLING for his hard work and leadership. I urge my colleagues to support this important legislation.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself the balance of my time.

On Tuesday in the Committee on Rules, I reminded Members that I came to the Committee on Financial Services—it was known as the Banking Committee back then—in the wake of the savings and loan crisis. One of the biggest lessons I took away from that time was that we must be precise when we mandate changes to bank safety and soundness rules, even when our intent is to help community financial institutions.

Congress' intent may have been to help savings and loans serve their communities, but by not being measured and considered in its actions, Congress transformed the savings and loan industry into one that serves speculative investments and irresponsible CEOs.

That recklessness led to a banking crisis that brought down more than a thousand institutions, cost taxpayers more than \$120 billion, and robbed many communities of access to affordable banking products.

As I have said, it is important that the small bank holding company policy statement threshold is carefully calibrated so it cannot be abused by speculative investors. If the threshold is raised too high, it will have the opposite of the intended impact. It will lead to mergers and acquisitions, riskier banking activities, and a reduction in banking services and credit availability to rural, low-income, minority, and underserved communities.

That is why 2 years ago I worked diligently with my Republican counterparts to pass a bill that raised the threshold to \$1 billion in assets, providing additional funding resources to 89 percent of the banks in the United States. That was smart, bipartisan legislating, a decision that we came to after consulting the regulators, researching the industry, and carefully considering the ramifications of the proposal.

In addition to that bill on the small bank holding company policy statement, I and my fellow Democrats in both the House and the Senate also introduced comprehensive legislation that would reduce compliance costs at community banks. We introduced this legislation, which included carefully targeted reforms that would allow small banks to thrive rather than encouraging consolidation, as this bill would do.

Our support for small institutions is also why my fellow Democrats and I have been supportive of the Consumer Financial Protection Bureau, which has used SMART data analysis to thoughtfully calibrate their rules for the needs of small banks.

We often forget that in the run-up to the crisis, many small banks were pushed out of the lending business by unregulated, nonbank lenders. The CFPB has now created an even playing field, and small banks and credit unions are a bigger share of the mortgage market now than they have been in years.

Carefully considered reforms provide relief to community banks without creating unintended consequences in a complex financial system with many players. Unfortunately, the legislation before us today would, as my friends across the aisle say over and over again, hurt the people it is trying to help.

After we worked in good faith with Republicans to come up with a smart, targeted reform, we are now attempting to use this issue as a political wedge. It is exactly that kind of thinking that set the groundwork for the savings and loan crisis and left thousands of communities without access to banking services.

I would urge my colleagues to oppose this bill.

Mr. Speaker, I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from Texas has 5 minutes remaining.

Mr. HENSARLING. I yield myself the balance of the time.

Mr. Speaker, ever since the Dodd-Frank law was passed, none of the promises that were made have been kept. It didn't end too big to fail. Big banks have gotten bigger. Small banks have gotten fewer. Working Americans continue to fall behind. They have seen their paychecks either remain stagnant or shrink. They have certainly seen their bank accounts shrink.

After Dodd-Frank, we have seen free checking at banks cut in half. Since other financial laws of the Obama administration have been passed, we have seen 15 percent fewer credit card offerings, and on average, many of them have increased by 2 percentage points in cost, hurting working Americans who need access to credit.

For purposes of the debate today, Mr. Speaker, what is undeniable is that we are losing a community financial institution a day in America. As we lose those financial institutions, we are also losing the hopes and dreams and financial security of millions of our fellow countrymen, particularly those who live in rural areas, like huge portions of the Fifth District of Texas that I have the honor of representing in Congress.

I keep on hearing the ranking member talk about a "deal," something from the last Congress. The last time I read my Constitution, there is nothing to say that because one Congress acted on a matter, another Congress can't act on a matter. And, indeed, I am not sure we have any more urgent matter in the House Committee on Financial Services than to save community banking.

It is urgent, almost bordering on a crisis, Mr. Speaker, the loss of these banks. Small business lines of credit have been hampered, small business, the job engine of America, fueling our entrepreneurs, fueling new businesses, fueling the American Dream.

So I was happy that we passed a number of bipartisan regulatory relief provisions in this Congress. Now, regrettably, many of them were opposed by the ranking member. So I hear the rhetoric in helping community banks, and yet she opposed H.R. 766, Financial Institution Customer Protection Act supported by community banks; H.R. 1210, Portfolio Lending and Mortgage Access Act supported by community banks; H.R. 1266, Financial Product Safety Commission Act of 2015 supported by community banks; H.R. 1408, the Mortgage Servicing Asset Capital Requirements Act, supported by community banks; and the list goes on and on.

So I think the proof is kind of in the voting card, Mr. Speaker. It is Mem-

bers of this side of the aisle, especially, that are consistent in trying to help our community banks, our rural communities.

□ 1330

So right now they are all, again, Mr. Speaker, suffering from the sheer weight, volume, load, complexity, and cost of this massive Washington takeover of our banking system—the micro-management, the control by Washington.

Again, that is the primary reason we are losing a community financial institution a day. And let me tell you, they are not going to get bought up by JPMorgan. JPMorgan is not coming to Jacksonville, Texas. Goldman Sachs isn't coming to Forney, Texas.

If we don't allow these smaller banks to consolidate, we will lose them. That is the choice, Mr. Speaker. Are we going to lose our community banks in rural America?

And again, if the other side of the aisle would want to repeal their number one threat—Dodd-Frank—maybe this bill from the gentlewoman from Utah wouldn't be necessary. But it is necessary. It is an urgent situation that we deal with today.

So I want to urge all of my colleagues to support H.R. 3791. It is modest. It will help at least 400 community banks. Four hundred community banks will be helped. It will help them, hopefully, not only survive, but to thrive, so that they can fuel and finance the American Dream through better home mortgages, through better auto loans, through better small business lines of credit.

I want to thank the gentlewoman from Utah for her hard work, for her leadership. And, again, I urge all my colleagues to vote for H.R. 3791.

I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate on the bill has expired.

AMENDMENT NO. 1 OFFERED BY MS. KELLY OF ILLINOIS

Ms. KELLY of Illinois. Mr. Speaker, I have an amendment at the desk.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 3, line 15, strike the period and insert the following: "for bank holding companies and savings and loan holding companies which have submitted to the Board of Governors of the Federal Reserve System a credible plan to expand access to banking accounts and services, consumer and small business credit products, and bank branches in rural, low-income, minority, and otherwise underserved communities, which has been made available to the public via the holding company's website and submitted to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate."

The SPEAKER pro tempore. Pursuant to House Resolution 671, the gentlewoman from Illinois (Ms. KELLY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Illinois.

Ms. KELLY of Illinois. Mr. Speaker, my Republican colleagues have put this bill forward under a simple proposition: small- and mid-size banks need the ability to provide more lending opportunities to best serve their depositors and their communities. I agree with that premise. Access to credit is crucial to economic development, rebuilding our economy, and creating jobs.

Banks and deposit institutions are vital to creating economic opportunity. From small business loans, farm loans, and mortgage loans, to a simple checking account, access to banking services is essential for all Americans.

I firmly believe that allowing banks to access additional capital is a good idea, and good policy, so long as those banks are using those funds to lend in a fair and responsible manner to those people and entities that need it most.

My amendment is simple. It merely adds a clause at the end of the bill stating that the increase to a level of \$5 billion in assets will only apply to lenders who serve rural, minority, low-income, and otherwise underserved communities. These lenders will be required to have a clear and credible plan to expand access to banking services in those communities, and submit their plan to the Federal Reserve and to Congress.

Let me put it this way, Mr. Speaker. Suppose a very common scenario: a high school student has a part-time job after school and receives a little money each week from her parents to round out her spending cash. Suppose that student asked her parent to increase her allowance by 500 percent. She says she needs it because with school obligations, she will be working less and won't have enough money to both fill her car with gas, go to the movies, or out to dinner with friends.

Would a reasonable parent simply start handing over five times as much money as they used to? Or would they ask their daughter a few questions, making sure that the money is truly being spent on a productive thing?

The student may be completely right—a 500 percent increase may be justified—and they may have nothing but good intentions with the additional money.

But what is the harm in asking? What is the harm in making sure? It is what a responsible authority would do.

My Republican colleagues say this bill is needed to allow banks to lend—to spur economic growth and ensure banks are able to serve their customers.

What is the harm in making sure that lending goes to those credit-worthy businesses and individuals who need it most?

If we want to encourage expansion of access to credit, let's make sure it goes to where it will do the most good: a mortgage loan for a single mom working hard to achieve her vision of the

American Dream; a business loan for a small manufacturing company looking to open a new facility in an urban community that hasn't seen new jobs in years or decades; a farm loan for a small family farm so they can continue operations and raise the grain and produce what will feed the world.

My district is urban, suburban, and rural. So I have farmers, I have people from the city, and I have suburbanites. And I see the need in all of those communities.

My amendment simply states: the threshold increase will apply to you if you promise to responsibly lend to those who qualify and need it most and where it will do the most good, and to report to the Fed and Congress about how you plan on going about it. No regulations, just a simple justification.

Mr. Speaker, all creditworthy borrowers deserve fair access to the funds our banks have available to lend. Expanding lending opportunities and ensuring lenders can access capital to create more jobs and economic growth is something we all should be able to support. I simply want to ensure that when doing so, banks are responsible and provide credit broadly and fairly, including to the communities where it will do the most good.

Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I claim time in opposition.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at best, this amendment is duplicative. Under section 3 of the Bank Holding Company Act, the Federal Reserve already requires all companies seeking to acquire a bank to submit an application describing how that acquisition would "meet the convenience and needs" of the target bank's community. Listing "any significant changes in services or products" and discussing "the programs, products, and activities that would meet the existing or anticipated needs of its community under the applicable criteria of the Community Reinvestment Act, including the needs of low- and moderate-income geographies or individuals."

But I can tell you, Mr. Speaker, as our community banks continue to close, as they continue to suffer under the weight of the load, they don't need duplicative law. And my fear is that it is not actually duplicative. This is one more report, one additional report they are going to have to file in addition to the hundreds of other reports and paperwork that they have to fill out, one more cost that, at best, is duplicative. But the amendment is vague.

What does it mean to have a plan deemed credible? What is credible?

So here we are as a United States Congress, under the gentlewoman's amendment, yielding more of our arti-

cle I authority to the Federal Reserve. The amendment lacks procedural safeguard. It doesn't provide for a public comment on the submitted plan. It doesn't allow the company to appeal an arbitrary determination. It does not permit a company posting a plan on its Web site to necessarily redact trade secrets or personally identifiable information.

Mr. Speaker, we just need to reject this amendment. It absolutely undercuts what the gentlewoman from Utah is doing.

I reserve the balance of my time.

Ms. KELLY of Illinois. Mr. Speaker, I am just wondering, if this is duplicative, why are banks closing in these communities? If there are some concerns, why not work with me instead of rejecting this amendment? If it is duplicative, then why can't we add it and see how we can make things better? I still get a lot of concerns that people who need loans in various communities that I serve still don't get them.

Ms. MAXINE WATERS of California. Will the gentlewoman yield?

Ms. KELLY of Illinois. I yield to the gentlewoman from California.

Ms. MAXINE WATERS of California. I would just like to point out that here is a Democrat on this side of the aisle who is offering to the Republican side to support the idea that you would raise the asset level for these small banks if only you would support minority banks, if only you would have a plan for CRA, if only you would do the right thing, if you care about the constituents, and they are rejecting it.

Ms. KELLY of Illinois. Mr. Speaker, I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, how much time is remaining on each side?

The SPEAKER pro tempore. The gentleman from Texas has 3 minutes remaining. The time of the gentlewoman from Illinois has expired.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentlewoman from Utah (Mrs. LOVE), the author of H.R. 3791.

Mrs. LOVE. Mr. Speaker, I would just like to say, while I have much respect for my colleague on the other side of the aisle, I am opposed to the amendment.

Let me reiterate again what this does. I understand that the other side of the aisle believes that we have already helped our community banks by raising the threshold from \$500 million to \$1 billion. However, we don't want to help our communities any longer or anymore?

This, again, would give access and the ability for 400 small banks to help their community. And I don't want you to think about this as 400 small banks. Please think of this as how many thousands of people these small banks are going to be able to help—people who are going to receive access to credit that they need in order to achieve their dreams.

It is time for us in Washington to stop giving people exactly what they

need to stay exactly where they are and start giving them the opportunities to go beyond, to go to the middle class and beyond, if they choose; to have the opportunities to be as ordinary or extraordinary as they choose to be.

This is going to help many people from all walks of life in all sorts of communities. And that is why I believe that we in Congress should do our job and give as many people access to this credit so that they can help their families.

Mr. HENSARLING. Mr. Speaker, how much time is remaining?

The SPEAKER pro tempore. The gentleman from Texas has 1½ minutes remaining.

Mr. HENSARLING. Mr. Speaker, I yield myself the balance of my time.

Again, I just want to thank the gentlewoman from Utah for her leadership. She has made such a great impact on our Financial Services Committee.

Again, I am not sure we have a more urgent matter on our committee—we have many important matters—but when you are losing a financial institution a day in America, and thus losing the hopes and dreams of millions who count on the community financial institutions to help buy their homes, fund their cars, capitalize their small businesses, it is an urgent matter. This is an important underlying bill that will grant relief to an additional 400 community banks to survive and, hopefully, go beyond surviving to actually thriving.

As ever well-intended as the amendment is from the gentlewoman on the other side of the aisle, it puts one more stumbling block in front of these community banks who are just withering on the vine, who are struggling.

Again, it is, at best, duplicative. Everything the ranking member brought up theoretically is already addressed in section 3 of the Bank Holding Company Act.

Why would you have to turn in essentially two different versions of a similar report?

More paperwork burden. At some point, it is the straw that breaks the camel's back, which absolutely breaks the back of community banking.

So it is time to reject the amendment. It is time for all Members to support H.R. 3791.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to the rule, the previous question is ordered on the bill and on the amendment by the gentlewoman from Illinois (Ms. KELLY).

The question is on the amendment offered by the gentlewoman from Illinois (Ms. KELLY).

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Ms. KELLY of Illinois. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, and the

order of the House of today, further proceedings on this question will be postponed.

□ 1345

FINANCIAL STABILITY OVERSIGHT COUNCIL REFORM ACT

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 671, I call up the bill (H.R. 3340) to place the Financial Stability Oversight Council and the Office of Financial Research under the regular appropriations process, to provide for certain quarterly reporting and public notice and comment requirements for the Office of Financial Research, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 671, the amendment in the nature of a substitute recommended by the Committee on Financial Services, printed in the bill, is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 3340

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Financial Stability Oversight Council Reform Act".

SEC. 2. FUNDING.

(a) *IN GENERAL.*—Section 155 of the Financial Stability Act of 2010 (12 U.S.C. 5345) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "be immediately available to the Office" and inserting "be available to the Office, as provided for in appropriation Acts";

(B) by striking paragraph (2); and

(C) by redesignating paragraph (3) as paragraph (2); and

(2) in subsection (d), by amending the heading to read as follows: "ASSESSMENT SCHEDULE.—".

(b) *EFFECTIVE DATE.*—The amendments made by this section shall take effect on October 1, 2016.

SEC. 3. QUARTERLY REPORTING.

Section 153 of the Financial Stability Act of 2010 (12 U.S.C. 5343) is amended by adding at the end the following:

"(g) *QUARTERLY REPORTING.*—

"(1) *IN GENERAL.*—Not later than 60 days after the end of each quarter, the Office shall submit reports on the Office's activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate.

"(2) *CONTENTS.*—The reports required under paragraph (1) shall include—

"(A) the obligations made during the previous quarter by object class, office, and activity;

"(B) the estimated obligations for the remainder of the fiscal year by object class, office, and activity;

"(C) the number of full-time equivalents within the Office during the previous quarter;

"(D) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and

"(E) actions taken to achieve the goals, objectives, and performance measures of the Office.

"(3) *TESTIMONY.*—At the request of any committee specified under paragraph (1), the Office

shall make officials available to testify on the contents of the reports required under paragraph (1)."

SEC. 4. PUBLIC NOTICE AND COMMENT PERIOD.

Section 153(c) of the Financial Stability Act of 2010 (12 U.S.C. 5343(c)) is amended by adding at the end the following:

"(3) *PUBLIC NOTICE AND COMMENT PERIOD.*—The Office shall provide for a public notice and comment period of not less than 90 days before issuing any proposed report, rule, or regulation.

"(4) *ADDITIONAL REPORT REQUIREMENTS.*—

"(A) *IN GENERAL.*—Except as provided under paragraph (3), the requirements under section 553 of title 5, United States Code, shall apply to a proposed report of the Office to the same extent as such requirements apply to a proposed rule of the Office.

"(B) *EXCEPTION FOR CERTAIN REPORTS.*—This paragraph and paragraph (3) shall not apply to a report required under subsection (g)(1) or section 154(d)(1)."

The SPEAKER pro tempore. After 1 hour of debate, it shall be in order to consider the further amendment printed in part A of House Report 114-489, if offered by the Member designated in the report, which shall be considered read and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent.

The gentleman from Texas (Mr. HENSARLING) and the gentlewoman from California (Ms. MAXINE WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous materials on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HENSARLING. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 3340, the Financial Stability Oversight Council Reform Act, and I would like to thank our colleague who authored this legislation, the gentleman from Minnesota (Mr. EMMER). He is certainly one of the hardest working and most thoughtful freshmen that we have on the House Financial Services Committee.

As the American people know all too well, Mr. Speaker, over years—not years, decades, in fact—Congress has ceded far too much power to unaccountable bureaucrats, Article I ceding power to Article II. At the same time, it has provided many unelected, unaccountable bureaucrats with access to money with no accountability for how that money is spent.

The Financial Stability Oversight Council, or FSOC, as it is known by its acronym, typifies this misguided yielding of power to the unaccountable and unelected.

Last month there was, however, a small victory for those who are alarmed by this ever-encroaching Fed-

eral Government and the shadow financial regulatory system that FSOC is a part of and that operates with little transparency or accountability to the American people. I speak of the recent judicial ruling that struck down FSOC's designation of MetLife as a too-big-to-fail financial institution. FSOC's decision was found to be "unreasonable" and the result of a "fatally flawed process."

Well, Mr. Speaker, the American people can achieve yet another victory today, another step in restoring the rule of law in checks and balances, by reining in an administrative state run amok, by passing the important bill that is in front of us now. FSOC is clearly one of the most powerful Federal entities to ever exist and, unfortunately, also one of the least transparent and least accountable.

First, the Council's power is concentrated in the hands of one political party, the one that happens to control the White House. All but one of FSOC's members is the Presidentially appointed head of a Federal agency, but, interestingly enough, Mr. Speaker, the agencies themselves are not members, thus denying bipartisan representation. The structure clearly injects partisan politics into the regulatory process; it erodes agency independence; and it undermines accountability.

Furthermore, FSOC's budget is not subject to congressional approval, removing yet another vital check and balance of its immense power over our economy and over our people.

FSOC has earned bipartisan condemnation for its lack of transparency. Two-thirds of its proceedings are conducted in private. Minutes of those meetings are devoid of any useful, substantive information on what was discussed.

Even Dennis Kelleher, the CEO of the left-leaning Better Markets, has said "FSOC's proceedings make the Politburo look open by comparison. At the few open meetings they have, they snap their fingers, and it's over, and it is all scripted. They treat their information as if it were state secrets."

FSOC typifies not only the shadow regulatory system but, also, the unfair Washington system that Americans have come to fear and loathe: powerful government administrators, secretive government meetings, arbitrary rules, and unchecked power to punish and reward. Thus, oversight and reform are paramount, and that is why the gentleman from Minnesota drafted H.R. 3340.

The legislation before us would bring much-needed accountability and transparency to two very powerful agencies birthed by the Dodd-Frank Act: the Financial Stability Oversight Council and the Office of Financial Research.

Currently, these two agencies are funded by assessments on financial institutions, money that ultimately comes out of the pockets of their customers. These funds flow directly from financial institutions into the Office of