119TH CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
119–135

TAKING ACCOUNT OF INSTITUTIONS WITH LOW OPERATION RISK ACT OF 2025

JUNE 4, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HILL of Arkansas, from the Committee on Financial Services, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 3380]

The Committee on Financial Services, to whom was referred the bill (H.R. 3380) to require the Federal financial institutions regulatory agencies to take risk profiles and business models of institutions into account when taking regulatory actions, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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59–006

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taking Account of Institutions with Low Operation Risk Act of 2025" or the "TAILOR Act of 2025".

SEC. 2. TAILORING REGULATION TO BUSINESS MODEL AND RISK.

(a) DEFINITIONS.—In this section—

(1) the term "Federal financial institutions regulatory agency" means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Bureau of Consumer Financial Protection; and

(2) the term "regulatory action"—

(A) means any proposed, interim, or final rule or regulation; and

(B) does not include any action taken by a Federal financial institutions regulatory agency that is solely applicable to an individual institution, including an enforcement action or order.

(b) CONSIDERATION AND TAILORING.—For any regulatory action occurring after the date of enactment of this Act, each Federal financial institutions regulatory agency shall—

(1) take into consideration the risk profile and business models of each type of institution or class of institutions subject to the regulatory action; and

(2) tailor the regulatory action applicable to an institution, or type of institution, in a manner that limits the regulatory impact, including cost, human resource allocation, and other burdens, on the institution or type of institution as is appropriate for the risk profile and business model involved.

(c) FACTORS TO CONSIDER.—In carrying out the requirements of subsection (b) with respect to a regulatory action, each Federal financial institutions regulatory agency shall consider—

(1) the aggregate effect of all applicable regulatory actions on the ability of institutions to flexibly serve customers of the institutions and local markets on and after the date of enactment of this Act;

(2) the potential that efforts to implement the regulatory action and third-party service provider actions may work to undercut efforts to tailor the regulatory action, as described in subsection (b)(2); and

(3) the statutory provision authorizing the regulatory action, the congressional intent with respect to the statutory provision, and the underlying policy objectives of the regulatory action.

(d) NOTICE OF PROPOSED AND FINAL RULEMAKING.—Each Federal financial institutions regulatory agency shall disclose and document in every notice of proposed rulemaking and in any final rulemaking for a regulatory action how the agency has applied subsections (b) and (c).

(e) REPORTS TO CONGRESS.—Not later than 1 year after the date of enactment of this Act and annually thereafter, each Federal financial institutions regulatory agency shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on the specific actions taken to tailor the regulatory actions of the Federal financial institutions regulatory agency pursuant to the requirements of this section.

(f) LIMITED LOOK-BACK APPLICATION.—

(1) IN GENERAL.—Each Federal financial institutions regulatory agency shall—

(A) conduct a review of all final regulations issued pursuant to statutes enacted during the period beginning on the date that is 15 years before the date on which this Act is introduced in the House of Representatives and ending on the date of enactment of this Act; and

(B) apply the requirements of this section to the regulations described in subparagraph (A).

(2) REVISION.—Any regulation revised under paragraph (1) shall be revised not later than 3 years after the date of enactment of this Act.

SEC. 3. SHORT-FORM CALL REPORTS FOR ALL BANKS ELIGIBLE FOR THE COMMUNITY BANK LEVERAGE RATIO.

The appropriate Federal banking agencies, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), shall promulgate regulations establishing a reduced reporting requirement for all banks eligible for the Community Bank Leverage Ratio, as defined in section 201(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act (12 U.S.C. 5371 note), when making the first and third report of condition of a year as required by section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)).

SEC. 4. REPORT TO CONGRESS ON MODERNIZATION OF SUPERVISION.

Not later than 18 months after the date of enactment of this Act, the appropriate Federal banking agencies, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), in consultation with State bank supervisors, shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on the modernization of bank supervision, including the following factors:

(1) Changing bank business models.
(2) Examiner workforce and training.
(3) The structure of supervisory activities within banking agencies.
(4) Improving bank-supervisor communication and collaboration.
(5) The use of supervisory technology.
(6) Supervisory factors uniquely applicable to community banks.
(7) Changes in statutes necessary to achieve more effective supervision.

PURPOSE AND SUMMARY

Introduced on May 14, 2025, by Representative Barry Loudermilk (GA–11), H.R. 3380, the *Taking Account of Institutions with Low Operational Risk (TAILOR) Act of 2025*, requires federal financial institutions regulatory agencies, including the Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), Federal Reserve Board (FRB), National Credit Union Administration (NCUA), and Consumer Financial Protection Bureau (CFPB), to consider an institution's risk profile and business model when issuing new regulations or taking supervisory actions and to limit the regulatory burden on institutions in accordance. H.R. 3380 requires disclosure of these tailoring efforts in rulemaking and annual reports to Congress.

BACKGROUND AND NEED FOR LEGISLATION

The current regulatory framework imposes a uniform, "one-size-fits-all" set of requirements on financial institutions, regardless of size, complexity, or risk. This approach, largely shaped by post-crisis legislation such as the *Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)*, fails to distinguish between global systemically important banks and small, community-based institutions. While well-intentioned, these broad rules have placed a disproportionate burden on community banks, which play a critical role in serving rural areas, supporting small businesses, and promoting local economic growth. Importantly, these institutions were not responsible for the 2008 financial crisis. Recognizing the need for proportional regulation, Congress passed the bipartisan S. 2155, the *Economic Growth, Regulatory Relief, and Consumer Protection Act*, in 2018, which directed regulators to tailor requirements based on institutional risk. Unfortunately, in recent years, federal financial institutions regulators have moved away from that principle, reinstating rigid and overly broad standards. The *TAILOR Act* reasserts the importance of aligning regulation with risk and complexity. This bill reinforces accountability among financial regulators, promotes efficiency in supervision, and ensures that community banks can focus their resources on serving their communities. The bill also includes important measures to streamline data reporting for eligible institutions and to evaluate how regulatory agencies can modernize their supervisory practices to reflect evolving market conditions and technological advancements.

COMMITTEE CONSIDERATION

On May 14, 2025, Representative Barry Loudermilk (R–GA) introduced H.R. 3380, the *Taking Account of Institutions with Low Operational Risk (TAILOR) Act of 2025*. Representative Troy Downing (R–MT) was subsequently added as cosponsor. The bill was referred solely to the Committee on Financial Services. It was attached to the April 29, 2025, hearing titled "Regulatory Overreach: The Price Tag on American Prosperity."

In addition, Senator Mike Rounds (R–SD) introduced S. 427, a companion bill to H.R. 3380, with Senators Thom Tillis (R–NC), Bill Hagerty (R–TN), Cynthia Lummis (R–WY), Kevin Cramer (R–ND), and Steve Daines (R–MT). Senator Pete Ricketts (R–NE) was subsequently added as a cosponsor. On March 13, 2025, the Senate Banking Committee met in executive session to consider S. 875, which was amended to include Sen. Rounds' TAILOR Act amendment. S. 875 was advanced and reported without written report.

On May 21, 2025, the Committee on Financial Services met in open session to consider, among others, H.R. 3380. The Committee reported favorably H.R. 3380, as amended to the House of Representatives.

RELATED HEARINGS

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearing was used to develop H.R. 3380:

The Subcommittee on Financial Institutions of the Financial Services Committee held a hearing on April 29, 2025, entitled "Regulatory Overreach: The Price Tag on American Prosperity." A discussion draft version of the bill was considered in this hearing. The following witnesses testified: Ms. Sarah Christine Flowers, Senior Vice President, Senior Associate General Counsel, Bank Policy Institute; Mr. J. Michael Radcliffe, Chairman and Chief Executive Officer, Community Financial Services Bank (Benton, KY); Ms. Margaret E. Tahyar, Partner, Head of Financial Institutions Group, Davis Polk & Wardwell LLP; The Honorable Graham Steele, Academic Fellow, Rock Center for Corporate Governance, Stanford Law School.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

On May 21, 2025, the Committee ordered H.R. 3380, as amended, to be reported favorably to the House by a recorded vote of 29 yeas and 23 nays, a quorum being present. (Record Vote No. FC–123).

Before the question to report was called, the Committee adopted an amendment in the nature of a substitute, designated LOUD-

ER_021, which made minor edits and technical changes, offered by Representative Loudermilk. The amendment was adopted by voice vote, a quorum being present.

Committee on Financial Services

Markup 4
May 21, 2025

Bill: **H.R. 3380**
Measure: **H.R. 3380 (as amended)**
Amdt.

Record Vote No.
FC-123

Motion: **to report favorably**
Disposition: **AGREED TO (29-23)**

Member	Yea	Nay	Not Voting	Member	Yea	Nay	Not Voting
Chairman Hill	X			Ranking Member Waters		X	
Mr. Lucas	X			Ms. Velázquez		X	
Mr. Sessions	X			Mr. Sherman		X	
Mr. Huizenga	X			Mr. Meeks		X	
Mrs. Wagner	X			Mr. Scott		X	
Mr. Barr	X			Mr. Lynch		X	
Mr. Williams (TX)	X			Mr. Green (TX)		X	
Mr. Emmer			X	Mr. Cleaver		X	
Mr. Loudermilk	X			Mr. Himes			X
Mr. Davidson	X			Mr. Foster		X	
Mr. Rose	X			Mrs. Beatty		X	
Mr. Steil	X			Mr. Vargas		X	
Mr. Timmons	X			Mr. Gottheimer		X	
Mr. Stutzman	X			Mr. Gonzalez		X	
Mr. Norman	X			Mr. Casten		X	
Mr. Meuser	X			Ms. Pressley		X	
Mrs. Kim	X			Ms. Tlaib		X	
Mr. Donalds	X			Mr. Torres (NY)		X	
Mr. Garbarino	X			Ms. Garcia (TX)		X	
Mr. Fitzgerald	X			Ms. Williams of GA		X	
Mr. Flood	X			Ms. Pettersen		X	
Mr. Lawler	X			Mr. Fields		X	
Ms. De La Cruz	X			Ms. Bynum		X	
Mr. Ogles	X			Mr. Liccardo		X	
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar	X						
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
	29	**0**	**1**		**0**	**23**	**1**

Committee Totals:	Yeas	Nays	Not Voting
	29	**23**	**2**

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 3380 is to reinforce accountability among financial regulators, promote efficiency in supervision, and ensure that community banks can focus their resources on serving their communities.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 3380. The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of rule XIII, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

UNFUNDED MANDATES STATEMENT

The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the *Unfunded Mandates Reform Act*. The Committee will adopt the estimate once it has been prepared by the Director.

EARMARK STATEMENT

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the resolution and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

FEDERAL ADVISORY COMMITTEE ACT STATEMENT

No advisory committees within the meaning of section 5(b) of the *Federal Advisory Committee Act* were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act*.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section establishes the short title as the "*Taking Account of Institutions with Low Operation Risk Act of 2025*" or the "*TAILOR Act of 2025*."

Section 2. Tailoring regulation to business model and risk

This section defines "Federal financial institutions regulatory agency" and "regulatory action." It requires agencies to consider the risk profiles and business models of institution subject to regulatory actions and to tailor those actions to limit burden appropriately. It requires agencies to consider the aggregate effect of all applicable regulatory actions on the ability of institutions to flexibly serve customers of the institutions and local markets; the potential that implementation efforts may undercut tailoring; and the statutory authority and policy goals behind the regulations.

This section also requires each Federal financial institutions regulatory agency to disclose and document the considerations in proposed rulemakings. It requires congressional reports to be submitted by each such agency describing the specific actions taken to effectuate the provisions of the bill within one year of enactment and annually thereafter. It instructs each such agency to conduct a review of all final regulations promulgated within the fifteen years prior to enactment of the bill and apply the requirements of the bill to such regulations within three years of enactment of the bill.

Section 3. Short-form call reports for all banks eligible for the community bank leverage ratio

Section 3 requires appropriate Federal banking agencies to promulgate regulations establishing reduced reporting requirements for all banks eligible for the Community Bank Leverage Ratio when filing their first and third quarterly call reports each year.

Section 4. Report to Congress on modernization of supervision

Section 4 requires the appropriate Federal financial institutions regulatory agencies, in consultation with State supervisors, to report to Congress no later than 18 months after enactment of the bill on modernization of bank supervision., The report must address changes to bank business models, examiner workforce and training, the supervisory structures within banking agencies, improvements in bank-supervisor communication and collaboration, the use of supervisory technology, supervisory factors uniquely applicable to community banks, and statutory changes necessary to achieve more effective supervision.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 3380 does not repeal or amend any section of a statute. Therefore, the Office of Legislative Counsel did not prepare the report required under clause 3(e) of rule XIII of the House of Representatives.

MINORITY VIEWS

This bill requires banking regulators and the CFPB to tailor all regulations for all their regulated entities, not just community banks, to account for a wide variety of risk profiles and industry costs (but not benefits). We've seen how tailoring in Trump's first term led to regional bank failures in 2023. Moreover, instead of focusing on helping community banks, this sweeping deregulatory bill would hamper financial regulators ability to promote safety and soundness and ensure consumer protection.

Recent court rulings have made it easier for industry to block rules through litigation, and Trump's Administration has worked to shutdown the CFPB while undermining the independence of financial agencies by requiring White House approval of all regulations. This bill makes matters worse by making it hard for agencies to issue any rules given the ambiguous tailoring standards they would have to meet for each rule. Any one company out of thousands could sue and block a rule if they felt it was not sufficiently tailored to their firm's unique business model and risk profile. Moreover, regulators would not have to consider a rule's benefits, including safety and soundness or consumer protections. The bill would severely stymie the rulemaking process, including when agencies need to update old rules to adapt to an evolving marketplace.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, among other statutes, already requires regulators to tier and tailor regulatory standards based on risk, ensuring that compliance burdens are minimized for community financial institutions and regulatory attention is focused on activities that may cause the greatest harm.[1]

During Trump's first term, a somewhat similar bill was previously included in a large financial deregulatory package advanced by former Chair Hensarling, the "Financial CHOICE Act of 2017" that passed by a party-line vote of 233–186,[2] and then was later passed as a standalone bill, the "TAILOR Act of 2017" sponsored by Rep. Tipton, by a vote of 247–169.[3] Congress later adopted the "Economic Growth, Regulatory Relief, and Consumer Protection Act" sponsored by Sen. Mike Crapo in 2018,[4] which among other things tailored rules for regional banks, but Silicon Valley Bank (SVB) and a couple other regional banks failed in 2023.[5]

Groups like Americans for Financial Reform (AFR), Center for Responsible Lending (CRL), and AARP oppose the bill. According to Americans Financial Reform, "This sweeping mandate would

[1] See CRS, *Over the Line: Asset Thresholds in Bank Regulation* (May 3, 2021).
[2] H.R. 10, 115th Cong.
[3] H.R. 1116, 115th Cong.
[4] S. 2155, 115th Cong. (P.L. 115–174).
[5] Fed, *Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank* (Apr. 28, 2023).

force regulators to prioritize the costs of regulations to financial institutions over the offsetting benefits to consumers and the general public. The mandate implies that regulators would be unable to act to protect the public if such action led to any significant costs to Wall Street banks. Any regulated entity, including the largest banks, could use this TAILOR Act language as the basis for a lawsuit to overturn a rule, simply by claiming a regulation had a significant impact or cost for them. . . . This requirement is not only dangerous but unnecessary. It ignores the fact that regulators are already scaling rules to the size and business model of financial institutions."[6]

For these reasons, we oppose H.R. 3380.

Sincerely,

MAXINE WATERS,
Ranking Member.
NYDIA M. VELÁZQUEZ,
AL GREEN,
BILL FOSTER,
JUAN VARGAS,
STEPHEN F. LYNCH,
EMANUEL CLEAVER, II,
JOYCE BEATTY,
RASHIDA TLAIB,
SYLVIA R. GARCIA,
NIKEMA WILLIAMS,
Members of Congress.

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[6] AFR, *Letter to FSC re TAILOR Act* (Mar. 12, 2018).