119TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
119–473

RURAL DEPOSITORIES REVITALIZATION STUDY ACT

FEBRUARY 2, 2026.—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

[To accompany H.R. 6536]

The Committee on Financial Services, to whom was referred the bill (H.R. 6536) to require the Federal banking agencies to study improving the growth, capital adequacy, and profitability of rural depository institutions, 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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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 "Rural Depositories Revitalization Study Act".

69–006

SEC. 2. STUDY ON IMPROVING THE GROWTH, CAPITAL ADEQUACY, AND PROFITABILITY OF RURAL DEPOSITORY INSTITUTIONS.

(a) STUDY.—The Federal banking agencies shall, jointly, carry out a study—

(1) to identify methods to improve the growth, capital adequacy, and profitability of depository institutions in the United States that primarily serve rural areas; and

(2) to identify Federal statutes (other than appropriations Acts) or regulations of the Federal banking agencies that limit—

(A) the methods identified under paragraph (1); or

(B) the establishment of de novo depository institutions in rural areas.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Federal banking agencies shall, jointly, issue a report to Congress containing all findings and determinations made in carrying out the study required under subsection (a).

(c) DEFINITIONS.—In this section:

(1) DEPOSITORY INSTITUTION.—The term "depository institution" has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(2) FEDERAL BANKING AGENCIES.—The term "Federal banking agencies" means the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

(3) RURAL.—With respect to an area, the term "rural" has the meaning given that term in section 1026.35(b)(2)(iv)(A) of title 12, Code of Federal Regulations.

PURPOSE AND SUMMARY

H.R. 6536, the *Rural Depositories Revitalization Study Act*, was introduced on December 9, 2025, by Republican Representative Ralph Norman (SC–05). This bill requires Federal prudential regulators to jointly study ways to improve the growth, capital adequacy, and profitability of rural depository institutions and to identify regulatory barriers to these goals and to the formation of new depository institutions, with a report to Congress due within one year of enactment.

BACKGROUND AND NEED FOR LEGISLATION

Heightened standards for new bank formation, such as high capital requirements and delayed approval timelines, disproportionately burden smaller banks and those in rural or underserved communities. Research indicates that new banks often take up to nine years to reach the financial and operational efficiency levels of their more established peers.[1] Yet, de novo banks tend to fail less frequently than other startup firms and even mature banks, suggesting that the current system may be overly cautious at the expense of innovation. There is evidence that regulatory relief can help reverse the decline in new bank formation. Following the enactment of the bipartisan *Economic Growth, Regulatory Relief, and Consumer Protection Act* (S. 2155) in 2018, some states saw their first new community banks in over a decade.[2] That legislation simplified certain supervisory requirements for smaller institutions and helped streamline the de novo process.

Committee Republicans have continued to build on the bipartisan framework established in S. 2155 by advocating for reforms that would shorten application timelines, enhance transparency, recalibrate capital expectations, and restore a viable pipeline for responsible new bank formation. H.R. 6536 sends a clear message to

[1] Robert DeYoung & Iftekhar Hasan, The Performance of De Novo Commercial Banks: Profit Efficiency Approach, 22 J. Banking & Fin. 565, 565–87 (1998).

[2] Joseph C. Fields, Note, The Potential Effect of the Economic Growth Act of 2018 on Bank Mergers and Acquisitions: What This Means for De Novo Banks and CRA Lending, 23 N.C. Banking Inst. 359, 373 (2019).

Federal prudential regulators by directing them to jointly study the ways in which each agency can improve the growth, capital adequacy, and profitability of depository institutions in the U.S. that primarily serve rural areas.

COMMITTEE CONSIDERATION

119TH CONGRESS

On December 9, 2025, Representative Norman introduced H.R. 6536, the *Rural Depositories Revitalization Study Act*. Representatives John Rose (R–TN), Josh Gottheimer (D–NJ), and Tim Moore (R–NC) were added subsequently as cosponsors.

The bill was referred solely to the Committee on Financial Services. Discussion draft versions of H.R. 6536 were attached to the May 14, 2025, hearing titled, “Enhancing Competition: Shaping the Future of Bank Mergers and De Novo Formation” and the December 2, 2025, hearing titled “Oversight of Prudential Regulators.”

On December 16, 2025, the Committee on Financial Services met in open session to consider, among others, H.R. 6536. The Committee ordered H.R. 6536, as amended, to be reported with a favorable recommendation 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 hearings were used to develop H.R. 6536:

On May 14, 2025, the Subcommittee on Financial Institutions held a hearing titled, “Enhancing Competition: Shaping the Future of Bank Mergers and De Novo Formation.” The Subcommittee heard testimony from: Mr. Keith Costello, President and CEO, Locality Bank; Ms. Mary Usategui, President and CEO, BankMiami; Ms. Amanda Allexon, Partner, Simpson Thacher & Bartlett LLP; Mr. John Berlau, Senior Fellow and Director of Finance Policy, Competitive Enterprise Institute; and Mrs. ReShonda Young, Founder, Jabez Inc.

On December 2, 2025, the Committee on Financial Services held a hearing titled, “Oversight of Prudential Regulators.” The Committee heard testimony from: the Honorable Michelle Bowman, Vice Chair for Supervision, Board of Governors of the Federal Reserve System; the Honorable Jonathan Gould, Comptroller, Office of the Comptroller of the Currency, the Honorable Kyle Hauptman, Chairman, National Credit Union Administration; and the Honorable Travis Hill, Acting Chairman, Federal Deposit Insurance Corporation.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include record votes on the motion to report legislation and amendments thereto.

On December 16, 2025, the Committee ordered H.R. 6536, as amended, to be reported favorably to the House by a recorded vote of 50 yeas and 0 nays, a quorum being present. (Record Vote No. FC–207).

The Committee considered the following amendments to H.R. 6536:

• Representative Norman offered an amendment in the nature of a substitute, designated NORMSC_028, which made minor edits and technical changes. This amendment was adopted by a voice vote.

• Ranking Member Maxine Waters (D–CA) offered an amendment (No. 1), designated HR6536_01. This amendment specifies that the bill applies to community development financial institutions and minority depository institutions. This amendment was defeated by a voice vote.

Committee on Financial Services

Markup 9
December 16, 2025

Bill: **H.R. 6536**
Measure: **H.R. 6536 (as amended)**
Amdt/Designated:

Motion: **to report favorably**

Record Vote No.
FC-207

Disposition: **AGREED TO (50-0)**

Member	Yea	Nay	Not Recorded	Member	Yea	Nay	Not Recorded
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**		**21**	**0**	**3**

Committee Totals:

Yeas	Nays	Not Voting
50	**0**	**4**

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. 6536 is to direct the Federal banking agencies to jointly study the ways in which each agency can improve the growth, capital adequacy, and profitability of depository institutions in the U.S. that primarily serve rural areas.

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. 6536. 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 of the Rules of the House of Representatives, 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*, the Committee will adopt as its own the cost estimate for the bill prepared by the Director of the Congressional Budget Office. However, 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 Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

EARMARK STATEMENT

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI.

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

Section 1 provides the short title is the "*Rural Depositories Revitalization Study Act*".

Section 2. Study on improving the growth, capital adequacy, and profitability of rural depository institutions

Section 2 directs the FRB, OCC, and the FDIC to jointly study methods to improve the growth, capital adequacy, and profitability of depository institutions in the U.S. that primarily serve rural areas. The agencies shall also identify Federal statues or regulations that limit the methods identified in the first part of the study or the establishment of new banks in rural areas. The agencies must submit a report to Congress containing all findings within six months.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 6536 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.

DOCUMENTS INCLUDED BY UNANIMOUS CONSENT

ICBA
One Mission. Community Banks.

December 16, 2025

The Honorable French Hill
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Re: Support for Markup Legislation

Dear Chairman Hill and Ranking Member Waters:

On behalf of ICBA and the nearly 45,000 community bank locations we represent, I write to thank you for scheduling a markup on Tuesday, December 16 and to share our views on several bills that will be considered. ICBA urges members of the Committee to vote YES on the following bills.

H.R. 5577, *the NFIP Extension Act of 2026* (Rep. Andrew Garbarino)

H.R. 5577 would extend the National Flood Insurance Program (NFIP) until September 30, 2026. The NFIP gives critical support to community banks by providing affordable, reliable flood insurance for both residential and commercial properties securing both consumer and business loans. Passage of this bill would prevent any lapse in the NFIP that would disrupt the mortgage and lending process. ICBA also supports a long-term authorization of the NFIP that would eliminate the uncertainty caused by repeated short-term authorizations and would ensure that the program is structured to be fiscally responsible, actuarily sound, affordable, and inclusive.

H.R. 6536, *the Rural Depositories Revitalization Study Act* (Rep. Ralph Norman)

H.R. 6536 would require the Federal banking agencies to study improving the growth, capital adequacy, and profitability of rural depository institutions. Community banks play a vital role in America's rural economies. The study required by this bill could help develop a better understanding and appreciation of these banks' unique characteristics and promote regulatory initiatives that would strengthen them so that they can better serve their communities.

H.R. 6554, *the Community Bank Representation Act* (Rep. Monica De La Cruz)

At the urging of ICBA, Congress created a designated community bank seat on the Federal Reserve Board in 2015 to be filled by a member with experience working in or supervising community banks with less than $10 billion in total assets. The community bank seat, currently filled with distinction by Vice Chairman for Supervision Michelle Bowman, has ensured that the community bank perspective is directly represented in the Board's deliberations on monetary policy and bank regulation.

H.R. 6554 would raise this threshold from $10 billion to $17 billion and provide for future increases that reflect the growth of the American economy. This bill would ensure that community bank representation on the Federal Reserve Board keeps pace with the evolving community banking industry.

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H.R. 6544, *the Regulatory Efficiency, Verification, Itemization, and Enhanced Workflow (REVIEW) Act* (Rep. William Timmons)

H.R. 6544 would amend the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to provide for agency review of regulatory impact every five years, rather than every 10 years. The bill would also add more specificity to agency review to ensure that it assesses the cumulative impact of regulation on consumer and business access to financial products, credit availability, costs and benefits of such regulation, and other considerations. ICBA believes that more frequent EGRPRA review could promote needed regulatory relief.

H.R. 6552, *the Bank-Fintech Partnership Enhancement Act* (Rep. Andy Barr)

H.R. 6552 would require the federal banking agencies to study how partnerships between fintechs and banking organizations can support new banking organization formation and community bank health. The study would consider how such partnerships could reduce time to market for products and services, lower compliance burdens, and support customer acquisition, among other considerations. In addition, the study would recommend regulatory changes to promote partnerships. ICBA believes the proposed study would be valuable in deepening policymakers' understanding of bank-fintech partnerships and helping them craft policies to support them.

Enactment of the above bills would promote reform of our financial regulatory system and strengthen community banks to better serve their local communities.

Thank you for your consideration.

Sincerely,
/s/
Rebeca Romero Rainey
President & CEO

CC: Member of the House Committee on Financial Services

American Bankers Association®

Memo

Date: December 16, 2025

To: Members of the House Committee on Financial Services

From: Kirsten Sutton, Executive Vice President, Congressional Relations & Legislative Affairs

Re: ABA's Views on Legislation for the December 16 – 17, 2025, Full Committee Markup

On behalf of the members of the American Bankers Association (ABA),[1] please see below our views on several bills that are scheduled for consideration by the Committee on December 16 - 17, 2025. Thank you for the opportunity to express our views on these measures.

The ABA supports the following bills noticed for the markup:

Extending the National Flood Insurance Program

H.R. 5577, the NFIP Extension Act of 2026, led by Chairman Andrew Garbarino (R-NY), would extend the National Flood Insurance Program (NFIP) through September 30, 2026, and make it retroactive to September 30, 2025. This extension of the NFIP is critical to the extension of mortgage and commercial credit by the banking industry and to ensure homeowners and businesses continue to have access to affordable, reliable flood insurance coverage. Further, this important extension is consistent with the long-standing views of ABA member banks, and we urge the Committee to prevent future disruptions to this critical program by enacting long term NFIP authorizing legislation.

Indexing Asset Thresholds

For decades, many statutory and regulatory asset thresholds have stayed fixed in nominal terms, even as the economy has grown. These thresholds were set during very different economic conditions and have not been updated to reflect significant changes in the banking sector over time. As a result, thresholds that once reflected meaningful distinctions in size, complexity, or risk now capture institutions that were never intended to face heightened regulatory requirements—discouraging organic growth and diluting regulatory resources. ABA recommends, after a one-time adjustment to correct past inaction, linking asset thresholds to nominal GDP, which reflects the size of the economy and the scale of the banking sector. Indexing is a low-cost, high-impact reform that improves transparency, reduces arbitrary burden, and allows regulators to focus on actual risk.

[1] ABA is the voice of the nation's $25.1 trillion banking industry, which is composed of small, regional and large banks that together employ over 2 million people, safeguard $19.7 trillion in deposits and extend $13.2 trillion in loans.

- H.R. 6553, the Tailoring and Indexing Enhanced Regulations (TIER) Act, led by Rep. Andy Barr (R-KY), would index various asset-based thresholds for bank regulations to nominal GDP. The bill focuses on mid-size and regional banks and primarily includes indexing for enhanced prudential standards, periodic and supervisory stress tests. While this legislation does not incorporate indexing for banks of all sizes, ABA welcomes this as a positive step forward and strongly supports the bill's methodology to tie indexing to nominal GDP. Consistent with the strong views of our members, ABA looks forward to working with the Committee to advance additional indexing legislation in the future tied to nominal GDP that provides relief for all banks, including community banks.

- H.R. 6554, the Community Bank Representation Act, by Rep. Monica De La Cruz (R-TX), would expand community bank representation on the Federal Reserve Board by providing a more explicit role in the supervision and regulation of banks with less than $17,000,000 in total assets, indexed annually for nominal GDP. ABA appreciates the focus on promoting community banks and the precedent being set for indexing tied to nominal GDP.

Enhancing De Novo Bank Formation

Bank consolidation is a long-term trend. In fact, there are 4,316 fewer banks in the U.S. now than in 2005. ABA members believe that consolidation must be tempered by robust de novo bank creation, and our industry has always welcomed competition on a level playing field. New entrants into any industry are a sign of growth and economic opportunity, bringing new vitality to the industry and to the people and communities that they serve. Additionally, new banks stimulate enhanced product offerings and services for businesses and consumers, which translates into greater economic activity and growth in local communities. ABA commends the Committee's focus on promoting de novo formation and endorses legislation to spur the creation of new banks, including the following two bills noticed for this markup:

- H.R. 6536, Rural Depositories Revitalization Study Act, by Rep. Ralph Norman (R-SC), would require the prudential regulators to jointly study ways to improve the growth, capital adequacy, and profitability of rural depository institutions and to identify regulatory barriers to the formation of new depository institutions, and report their findings to Congress.

- H.R. 6551, the New Bank Application Numbers Knowledge Act (New BANK) Act, by Rep. Barry Loudermilk (R-GA), would require the Federal Reserve (FRB), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration (NCUA) to publish annual reports on applications received for federal depository institution charters, depository institution holding companies, federal deposit insurance, and State depository institution charters.

Merger Reforms

ABA applauds the Committee's interest in examining and reforming the regulatory landscape surrounding bank mergers. The current standards for assessing the competitive impact of mergers are significantly outdated and do not accurately reflect competitive conditions in today's financial services markets. By failing to capture the impacts of competition from online financial institutions and nonbank financial services providers, decisions on merger applications by the bank regulatory agencies and the DOJ may unjustifiably constrain mergers involving banks across the industry spectrum. Without meaningful reform to the merger application and review process, banks may be unable to consolidate with neighboring institutions, impairing their ability to continue serving their communities and meet the burdens of increasing regulatory and compliance costs. These constraints on bank mergers are especially problematic in an environment where the credit union industry continues to purchase banks with increasing frequency.

In addition, ABA members involved in mergers often report that the regulatory agencies do not act in a timely manner on applications, which unnecessarily increases costs, and reduces efficiencies for the institutions involved. The following two bills noticed for the markup help advance this overall effort, and we look forward to working on further legislation with the Committee.

- H.R. 6546, Merger Process Review Act, by Chairman Roger Williams (R-TX), would require the Inspector General of each Federal prudential regulator to review its merger review procedures every three years, and submit a report to Congress containing the findings and recommendations and submit a plan to Congress to implement those recommendations.

- H.R. 6570, the Merger Agreement Approvals Clarity and Predictability Act, by Rep. Scott Fitzgerald (R-WI), would require the Comptroller General to study the use of commitments, conditions, and other aspects of the merger review procedures by the prudential regulators in connection with bank merger applications.

Other Provisions and Regulatory Reforms

H.R. 6544, The Regulatory Efficiency, Verification, Itemization, and Enhanced Workflow (REVIEW) Act, by Rep. William Timmons (R-SC), would amend the *Economic Growth and Regulatory Paperwork Reduction Act of 1996* (EGRPRA) to build on the existing regulatory review process by increasing the frequency to every seven years instead of every ten years and requiring the FRB, FDIC, OCC, and the NCUA to conduct an internal review of the cumulative impact of their regulations.

In the previous Administration, the banking industry faced a "tsunami" of new rules and regulations from the financial regulators. In testimony and other communications with Congress and policymakers, ABA shared our member banks' concerns about the cumulative impact of uncoordinated regulatory initiatives. Requiring the agencies to review the cumulative impact of all their regulations every seven years rather than every ten years may help with identifying and potentially dealing with regulatory overreach.

H.R. 6550, the American Financial Institution Regulatory Sovereignty and Transparency (American FIRST) Act, by Rep. Barry Loudermilk (R-GA), would require the FRB, OCC, and the FDIC to include in their annual reports information on their interactions with global financial regulatory or supervisory forums like the Basel Committee. It is intended to ensure policy standardization, public transparency, and congressional oversight, which are concepts ABA members have long supported in order to identify and head off acceptance of potentially overly draconian standards set by international bodies for U.S. institutions, especially with respect to capital standards prescribed by the Basel Committee.

Resolution Authority

While ABA has not taken a public position on any legislation related to deposit insurance reform or the bank resolution process during the 119th Congress, we applaud the committee for thoughtfully approaching the study and improvement of the bank resolution framework. H.R. 6555, the Enhancing Bank Resolution Participation Act, led by Rep. Bill Huizenga (R-MI), would require the OCC, FDIC, and the FRB, to jointly study the OCC's use of shelf charters and the modified bidder process. The federal banking agencies would be required to submit a report to Congress containing the study's findings and recommendations for legislative or regulatory changes.

A similar concept was one of the ten recommendations — which ABA believes should ideally move together in a comprehensive reform package — made by a diverse group of ABA members in our August 2025 Deposit Insurance Task Force Report[2] which was shared with the Committee and other policymakers. Our members strongly believe that, especially when paired with the full set of recommendations, increasing the spectrum of institutions permitted to bid on failed institutions, and streamlining the process for bidding on failed institutions, as part of the Resolution process would help expand the pool of participants, increase competition, and further protect the Deposit Insurance Fund (DIF) against losses.

Housing

Finally, ABA is still reviewing the Housing for the 21st Century Act, led by Chairman French Hill (R-AR), with our member banks. We commend the Committee for advancing legislation aimed at addressing housing supply and affordability. In particular, ABA applauds the inclusion of Section 303 titled "Community Investment and Prosperity," which increases the Public Welfare Investment (PWI) cap for the Office of the Comptroller of the Currency (OCC) and the

[2] https://www.aba.com/advocacy/policy-analysis/deposit-insurance-task-force-recs

Federal Reserve from 15% to 20%. ABA supports this provision, which will make it easier for banks to make critical investments, including for Community Reinvestment Act purposes, in much needed affordable housing, financial education, and other community needs. Section 303 amends the National Bank Act and Federal Reserve Act to increase the cap under which banks are allowed to make Public Welfare Investments. Current law grants the OCC and Federal Reserve discretion to allow banks to make Public Welfare Investments up to 15% of the bank's capital stock actually paid in and unimpaired as well as the bank's unimpaired surplus. This section would give regulators discretion to increase that cap to 20%. Strategically increasing the PWI cap would allow banks to make more robust and meaningful investments that qualify as PWI activity under federal law, including:

- Investments in affordable housing
- Investments in entities receiving New Markets Tax Credits
- Investments in or support to entities that provide financial literacy, job training, or other similar assistance to low-to-moderate income (LMI) individuals or individuals in LMI areas
- Any investment or activity that would be a "qualified investment" under the Community Reinvestment Act

Even with these legislative changes, expanded public welfare investments may be inhibited by inconsistent regulatory approaches. The Board of Governors requires prior approval by the Board for certain public welfare investments – even though the OCC and FDIC do not. This additional regulatory step inhibits state member banks from making investments that they would otherwise make and could limit the effectiveness of the expanded cap included in this legislation. In addition to advancing today's legislation, ABA strongly urges the Board of Governors to update their regulatory approach and all regulators to review and revise their regulations in this area to ensure consistency and efficacy.

Conclusion

The ABA respectfully requests that the Committee report favorably the bills summarized above and thank you again for the chance to express our views on this important legislation.