



March 6, 2018

Key Vote YES on the Economic Growth, Regulatory Relief, and Consumer Protection Act, S. 2155

On behalf of our activist community, I urge you to contact your and senators and ask them to vote YES on the Economic Growth, Regulatory Relief, and Consumer Protection Act, S. 2155, introduced by Sen. Mike Crapo (R-Idaho). The bill would provide targeted relief in the banking industry from onerous regulatory overreach into the financial sector created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as “Dodd-Frank.”

Initially passed in response to the recession of 2008, Dodd-Frank created a series of reforms that were supposed to address the issues in the financial sector that had supposedly caused the recession, but instead created a climate of overregulation, authorized the creation of the Consumer Financial Protection Bureau (CFPB) with little to no oversight, and gave the Financial Stability Oversight Council (FSOC) the authority to label financial firms as too big to fail.

Dodd-Frank has actually been hurting community banks in favor of larger ones. Forced consolidation under Dodd-Frank has actually caused the number of community banks to shrink by roughly 14 percent between 2010 to 2014 while one in five U.S. banks have gone under (that’s 1,708 overall, or about one per business day) with few, if any, new banks being created since the law’s enactment to 2016.

Meanwhile, the Consumer Financial Protection Bureau (CFPB) has been given the power to add new regulations, with little congressional accountability. The institution’s primary goals have been to keep large banks from declaring bankruptcy and instead designate some banks as “too big to fail.” Unsurprisingly, it has been accused of being a revolving door for lobbyists with several former officials of the agency getting jobs with the institutions they once regulated afterward.

Although not nearly the overhaul of the financial regulations seen in the Financial CHOICE Act, H.R. 10, the Economic Growth, Regulatory Relief, and Consumer Protection Act is a step in the

right direction, addressing many of the issues that Dodd-Frank has created. One such important issue it addresses, although not fully, is the “too big to fail” problem invented by Dodd-Frank. The bill would raise the asset threshold for systemically important financial institution (SIFI) designations from \$50 billion to \$250 billion. Raising the SIFI designation threshold has the much-needed effect of relieving up to 25 banks from the section of Dodd-Frank that authorizes excessively stringent regulations for those deemed “too big to fail.”

Furthermore, the bill would provide relief for institutions with less than \$10 billion in assets to be exempt from a number of regulations, including allowing them to waive the ability-to-repay requirements for certain residential-mortgage loans, and to be exempt from the “Volcker Rule” which prohibits banking agencies from engaging in proprietary trading or entering into certain relationships with hedge funds and private-equity funds.

It also includes a myriad of other provisions for limited financial sector regulatory relief, such as from specified capital and leverage ratios, certain Home Mortgage Disclosure Act requirements, licensing process requirements under the SAFE for Mortgage Licensing Act, and certain escrow requirements as well.

On the whole, the bill is not perfect and Congress would do themselves well to expand the scope of reform and systematically overhaul the financial regulations on the banking industry entirely. However, the Economic Growth, Regulatory Relief, and Consumer Protection Act would provide significant and necessary relief to the financial sector, opening up the market to create new jobs and invite new business.

For these reasons, I urge you to call your senators and ask them to vote YES on the Economic Growth, Regulatory Relief, and Consumer Protection Act, S. 2155. FreedomWorks will count the vote on our 2018 Congressional Scorecard. The scorecard is used to determine eligibility for the FreedomFighter Award, which recognizes Members of the House and Senate who consistently vote to support economic freedom and individual liberty.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Brandon', with a stylized, flowing script.

Adam Brandon
President, FreedomWorks