May 22, 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 representative and ask him or her 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." Having passed the Senate already, passage in the House would send the bill directly to President Trump's desk to provide regulatory relief from this onerous law, affecting millions of Americans.

It has now been roughly eight years since Congress passed Dodd-Frank in 2010. The bill was a knee-jerk reaction to the 2008 recession and implemented some of the most sweeping financial regulations since FDR's New Deal programs during the Great Depression. Along with this heavy-handed over-regulation came the creation of the Consumer Financial Protection Bureau (CFPB), which has almost no oversight or accountability. It also warped the market further by allowing the Financial Stability Oversight Council (FSOC) to deem firms as "too big to fail," leaving taxpayers on the hook for bailing out firms for their own decisions.

The CFPB currently has the power to add regulations to the books with virtually no congressional oversight. This has led to the accurate assessment that the Bureau is merely a "revolving" door for lobbyists, who want to get jobs with the institutions or firms they were once tasked with regulating. This is not only massively corrupt, but also leads to excessive and harmful regulations.

Despite the populist rhetoric from the left and supporters of Dodd-Frank, the law has actually propped up large banks at the expense of smaller community banks. It is these community banks that S. 2155 would provide much-needed relief for. 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.

While this legislation is not as comprehensive as the Financial CHOICE Act, H.R. 10, the Economic Growth, Regulatory Relief, and Consumer Protection Act is a modest, but important step towards fixing the many issues created by the passage of Dodd-Frank. The bill raises the threshold to be considered a systemically important financial institution (SIFI), or an institution "too big to fail" from $50 billion to $250 billion. This is a significant move towards a more market-oriented framework, rolling back many excessive regulations imposed on SIFIs under Dodd-Frank.

This bill would also continue the important Trump administration trend of cutting regulatory red tape. Institutions with less than $10 billion in assets would be exempted from a large number of regulations. Included in this is the onerous "Volcker Rule" which prohibits banking agencies from engaging in proprietary trading or entering into certain relationships with hedge funds and private-equity funds.

This bill passed in the Senate with broad bipartisan support in March, by a vote of 67-31. While not perfect, it will be a pivotal first step to righting the wrongs of Dodd-Frank and unleashing economic growth. The House should swiftly pass this measure, so it can be sent to President Trump's desk and signed into law.

FreedomWorks will count the vote on the Economic Growth, Regulatory Relief, and Consumer Protection Act, S. 2155, 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,

Adam Brandon
President
FreedomWorks