

Wednesday, June 23, 2021
To: New York Community Banks

FROM ICBA

ICBA urging grassroots opposition to IRS reporting plan

ICBA is calling on community bankers to urge Congress to oppose the Biden administration's plan to require financial institutions to report customer bank account information to the IRS.

Grassroots: ICBA's [Be Heard grassroots action center](#) features a customizable message to lawmakers that community bankers can use to express opposition to new data-reporting requirements.

Joint Letter: Meanwhile, ICBA and 44 state community banking associations expressed staunch opposition to the proposal in a [joint letter](#) to the Senate Finance and House Ways and Means committees.

Background: The American Families Plan proposes requiring financial institutions to report to the IRS on account flows, including bank loans, on accounts over \$600.

ICBA Position: ICBA has strongly opposed the proposal since it was issued in April. In a recent [LinkedIn article](#), ICBA Chairman Robert Fisher said the requirements would infringe on the privacy of bank customers, drive customers out of the banking system, and create complex new reporting burdens.

CONTACT CONGRESS

ICBA, groups support keeping pass-through deduction

ICBA and other groups said they support the Biden administration's decision to leave the Section 199A deduction for pass-through businesses intact and oppose any attempt by Congress to cap or repeal it.

Background: Section 199A, which is scheduled to sunset in 2025, includes a 20 percent deduction for qualified business income among pass-through businesses, including S-corporations.

Tax Relief: In a [joint letter](#), the groups said Section 199A provides critical tax relief while limiting the deduction for larger pass-through businesses to those that have significant employment and investment levels.

Bipartisan Support: This targeted approach has spurred the [introduction](#) of the bipartisan Main Street Tax Certainty Act of 2021 (H.R. 1381 and S. 480), which would make the deduction permanent, the groups said.

IRS launches additional Child Tax Credit tools

The IRS [launched](#) two new online tools to help families manage and monitor Child Tax Credit advance monthly payments.

New Tools:

- The new [Eligibility Assistant](#) allows families to answer a series of questions to determine whether they qualify.
- The [Update Portal](#) allows families to verify their eligibility for the payments and opt out of monthly payments to receive a lump sum when they file their tax return next year.

Sign-up Tool: The IRS last week issued the [Non-filer Sign-up Tool](#) to help families who normally aren't required to file an income tax return register for the credit.

More: Additional information is available on ICBA's [frequently asked questions](#) on the payments and via the [IRS website](#).

Fed extends interchange comment deadline

As advocated by ICBA, the Federal Reserve [extended](#) the comment deadline on its proposed updates to debit card interchange fees and routing until Aug. 11.

Background: The proposal clarifies that debit card issuers should enable, and allow merchants to choose from, at least two unaffiliated networks for card-not-present debit card transactions, such as online purchases.

Extension Request: In a [joint letter](#) earlier this month, ICBA and other groups advocated a 30-day extension to allow for a more thorough review of the proposed rule.

GSEs complete 224K foreclosure-prevention actions

Fannie Mae and Freddie Mac [completed](#) 224,646 foreclosure-prevention actions in the first quarter of 2021, bringing the total during their conservatorships to 5.812 million, according to the Federal Housing Finance Agency.

The FHFA also said:

- 38 percent of first-quarter loan modifications reduced borrowers' monthly payments by more than 20 percent.
- The government-sponsored enterprises' serious delinquency rate dropped from 2.78 percent to 2.48 percent at the end of the quarter, compared with 11 percent for FHA loans, 5.59 percent for VA loans, and 4.7 percent for the industry average.

Existing-home sales decline on record-high prices

Existing-home sales [decreased](#) 0.9 percent in May but remained up 44.6 percent from a year ago despite four consecutive monthly decreases, the National Association of Realtors reported. The median price experienced a record year-over-year increase of 23.6 percent, bringing it to a record high of \$350,300.

FROM OTHER SOURCES

- Several states averaged *seven* or fewer new COVID cases per 100,000 people over the past week, while Missouri had 76 new cases per 100,000 people, Axios' Caitlin Owens [writes](#). For context: At [peak COVID](#), South Dakota saw more than 160 new cases per 100,000 people each *day*. It logged 4 over the last *week*. The wide variation in states' vaccination rates means that stark disparities in case rates will be America's norm. [Share this graphic](#).
- The coronavirus pandemic has essentially ended in some states, while others are still experiencing outbreaks, [Caitlin writes](#). Stark disparities in case rates could be America's norm for a while. Some states saw an average of seven or fewer new cases per 100,000 people over the last week. On the other end of the spectrum, Missouri had 76 new cases per 100,000 people. For context, [at its peak](#), South Dakota saw more than 160 new cases per 100,000 people a day. It's now logging four new cases per capita over the last week.
- The highly transmissible Delta variant of the Covid-19 virus is spreading so rapidly in the U.S. that it could become the dominant strain in the next two to three weeks, researchers said, adding urgency to the nationwide vaccination drive. <https://www.wsj.com/articles/delta-covid-19->

[variant-could-be-dominant-in-u-s-in-two-to-three-weeks-study-says-11624387427?mod=hp_lead_pos7&mkt_tok=ODUwLVRBQS01MTEAAAF91-GPdf7CsG3ObMHMCis9sc6MQHajSVxtPMcIOv6fehWXWQEQbT55-DkM0ETxwabZlcakGHc4IC_O80Acu5j33iHi5ELnidrNZ9J83iQIZ4li](https://www.nytimes.com/2021/06/22/business/variant-could-be-dominant-in-u-s-in-two-to-three-weeks-study-says-11624387427?mod=hp_lead_pos7&mkt_tok=ODUwLVRBQS01MTEAAAF91-GPdf7CsG3ObMHMCis9sc6MQHajSVxtPMcIOv6fehWXWQEQbT55-DkM0ETxwabZlcakGHc4IC_O80Acu5j33iHi5ELnidrNZ9J83iQIZ4li)

- Dr. Fauci yesterday warned the [delta variant](#) of the coronavirus is the "greatest threat" to eliminating Covid-19 in the U.S.. The variant, first detected in India, is more contagious and causes more severe disease than other circulating variants. Cases of delta have doubled in the past two weeks in the U.S. As of June 19, more than 20 percent of new Covid-19 cases were caused by the variant, [up from around 10 percent the week ending June 5](#). Fauci said the good news is that "all [vaccines are effective](#) against the delta variant."
- Adult deaths from COVID-19 are "at this point entirely preventable" thanks to vaccines, CDC head Rochelle Walensky said. [Go deeper.](#)
- Small businesses may turn out to be one of the most unexpected pandemic winners, Axios [writes](#). A new analysis shows the number of entrepreneurs starting a business hit a record high in 2020 despite the calamity. A [Fed paper](#) suggests that about 130,000 firms went out of business in the first year of the pandemic — up between a quarter and a third from normal levels, but much lower than many economists feared. The largest single sector of new business formation is "nonstore retailers," who account for one of every three new businesses formed over the pandemic. [Keep reading](#)
- The Biden administration celebrated the progress made in vaccinating Americans for COVID-19, even as it conceded it will fall short of its goal of having 70% of adults receive at least one shot by July 4, [Spectrum News reports](#).
- The Consumer Financial Protection Bureau will adopt a rule by August that will establish a review process that generally would bar mortgage servicers from foreclosing until after Dec. 31, 2021, four people familiar with the matter said. But after industry feedback, the agency decided to exclude borrowers who are in the process of negotiating with their servicer to avoid foreclosure but have not yet applied for forbearance, according to three of the people. [Reuters](#)
- The Centers for Disease Control and Prevention is likely to extend its residential eviction moratorium for another month, according to sources briefed on the matter. The extension to the moratorium, which was originally set to expire at the end of the month, could be announced as early as today, according to the sources. [Reuters](#)
- Mobile home owners fear evictions as pandemic protections end. Many who have struggled to keep up with mortgage payments are at the whims of a few financing firms that dominate lending in this market. https://www.nytimes.com/2021/06/22/business/mobile-home-evictions.html?mkt_tok=ODUwLVRBQS01MTEAAAF918PLORS-42cdoLoE5BnbjjoKVJ0Rf5B_kptsPkgM5BqA13LHuhIA9bMo-xLeByMMHFjuCX_WDk0V5ApKLTDchjENcHOg-JX0_qUcxT3Dx64t
- Federal Reserve Chairman Powell again downplayed inflation fears, saying the categories that are currently experiencing price increases are those directly impacted by the economic reopening and that "it should not leave much of a mark on the ongoing inflation process." Powell did say that inflation has been greater than anticipated by central bankers. [The Wall Street Journal](#)
- Sales of homes in the United States fell for the fourth consecutive month in May as a sharp rise in prices and a shortage of houses for sale led to a slowdown in the market. Existing home sales fell 0.9 percent in May from April, the National Association of Realtors said Tuesday, with the median sales price climbing nearly 24 percent from a year earlier to a record \$350,300. https://www.nytimes.com/2021/06/22/business/home-prices.html?mkt_tok=ODUwLVRBQS01MTEAAAF918PLORZt7T6PcJOXxbiY1N0ZuUm71xb-GtZs76ysWeS1EasNGALGJ-oJoLMurvdK65IahR1e9NLMZoKP-VtxFptxeX1sRuj_5qo318rmmmlz

- Americans took out more mortgages than ever before in 2020. Most of them didn't come from banks. Nonbank mortgage lenders in the U.S. issued 68.1% of all mortgages originated in 2020, up from 58.9% in 2019, according to industry research firm Inside Mortgage Finance. https://www.wsj.com/articles/nonbank-lenders-are-dominating-the-mortgage-market-11624367460?mkt_tok=ODUwLVRBQS01MTEAAAF918PLOXPejGCGgDjEFcKxA7CEBdJ4wHXsvUbFDKVEd9i2RBc6qa4lvfhmDkuyYy9UTB38sEVHWc8rhlyhdqi8UjQ1NzUU1ZOBvFAMGjXdh
- Nine months after the declaration of a national emergency due to the emergence of the Covid-19 pandemic, U.S. births fell by 8% in a month. The December drop marked an acceleration in declines in the second part of the year. [Nine Months After Lockdowns, U.S. Births Plummeted by 8%](#)
- The investment bank Morgan Stanley will r unvaccinated staff and clients from its New York office effective July 12. [Morgan Stanley to bar unvaccinated staff and clients from New York office](#)

FROM NEW YORK

- The state should repay the unfortunate 4 million New Yorkers who lost their jobs last year and collected unemployment compensation and then were oh-so-wrongly taxed by Albany for the privilege of getting assistance with some of its higher-than-expected tax revenue, [the Daily News writes](#).
- Key metrics that determine school performance will be waived this year due to the disruption caused by the pandemic after New York was granted a federal waiver, the State Education Department on Tuesday announced. [Read More](#)
- [They're building them as quickly](#) as they can: new are homes going up across New York state — and fast.

Primary voters had their say last night, with incumbents falling short in major upstate cities, but still many votes to be counted in New York City.

- [In Buffalo](#), Mayor Byron Brown is trailing challenger India Walton, who appears to have won a stunning upset.
- [In Rochester](#), scandal-scarred Mayor Lovely Warren failed to win the Democratic primary against Malik Evans.
- [Syracuse Democrats are vying](#) in an extraordinarily close race for the party's nomination to take on incumbent Mayor Ben Walsh, an independent. [Republican Janet Burman](#) will be waiting for Walsh and the Democratic victor in the fall.
- In Albany, [Mayor Kathy Sheehan's bid](#) for a third term received a boost as she cruised to victory.
- [And in New York City](#), Eric Adams is leading, but ranked-choice voting could distribute more votes to his rivals in the coming days. **City & State tracked the primary election results** all night to provide the latest on the [mayoral results](#), [comptroller results](#), [borough president results](#), [Manhattan DA results](#), [City Council results](#) and [upstate mayoral results](#).

####

IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

- John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)
- Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)