

Wednesday, June 9, 2021
To: New York Community Banks

FROM ICBA

Crapo challenges new bank IRS reporting proposal

Senate Finance Committee Ranking Member Mike Crapo (R-Idaho) pushed back against a Biden administration proposal that would require financial institutions to report information on account flows to the IRS.

Crapo: In a statement at a hearing on the IRS budget, Crapo said he opposes turning banks and brokers into government tax collectors and has strong concerns about the IRS collecting such data, noting that some existing reporting is duplicative.

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 strongly opposes the proposal. In a [statement](#) and [joint letter](#) to the committee and in press reports, including [Politico](#), ICBA has said the plan would create complex new reporting burdens, expose banks to penalties for inadvertent errors, and channel more information into the IRS than it can process.

ICBA continues push against House ‘true lender’ repeal

ICBA and other groups again urged House members to oppose a Senate-passed resolution to repeal the OCC’s “true lender” rule.

Joint Letter: In a [joint letter](#) to the House following a similar message last month, the groups said repealing the OCC rule would create significant legal impediments to creating a more robust framework for providing safe and affordable credit. Instead, they said the OCC should be allowed to modify the rule.

Rule: The OCC rule, which ICBA supported in a [comment letter](#) last year, creates a standard to determine when a bank is the “true lender” when partnering with a third party. Under the rule, banks are deemed true lenders if they fund the loan or are named as the lender in the loan agreement on the origination date.

Congress: The Senate resolution, which the Senate passed by a 52-47 vote last month, would repeal the rule under the Congressional Review Act, which allows lawmakers to invalidate federal rules and limits agencies’ ability to issue a similar rule in the future.

Swap guidance continues LIBOR transition

A Commodity Futures Trading Commission panel recommended best practices for switching interdealer trading conventions from LIBOR to the Secured Overnight Financing Rate in U.S. dollar interest rate swaps.

What’s New: Specifically, the CFTC panel [recommended](#) that interdealer brokers change linear swap trading conventions from LIBOR to SOFR on July 26.

Impact: The Alternative Reference Rates Committee—which is implementing the LIBOR transition—[said](#) the convention switch will accelerate the shift and allow it to formally recommend SOFR term rates.

Pending Deadline: The U.K. Financial Conduct Authority has [said](#) it will cease publishing LIBOR for the one-week and two-month settings immediately after Dec. 31, 2021. U.S. regulators last fall [encouraged banks](#) to cease entering new USD LIBOR contracts by that date.

Transition: The ARRC—on which ICBA serves—[encourages](#) market participants to continue the transition using available tools.

Freddie updates caps on certain single-family purchases

Freddie Mac said it will limit its purchases of single-family mortgages secured by investment properties and second homes in line with its revised Preferred Stock Purchase Agreement with the Treasury Department.

Update: In July, for sellers that sell more than five loans secured by second homes or investment properties, such loans may not exceed 6.5 percent of their total monthly unpaid principal balance. That monthly cap will be set at 6 percent after July.

More: More information is available in Freddie’s [guide bulletin](#) and [frequently asked questions](#) on the change.

Small-biz optimism falls on labor shortage

The NFIB Small Business Optimism Index [declined](#) 0.2 points in May to 99.6 due to labor shortages. Following months of steady increases, the decline comes as a record-high 48 percent of business owners reported unfilled job openings.

FROM OTHER SOURCES

- For months, President Joe Biden has laid out goal after goal for taming the coronavirus pandemic and then exceeded his own benchmarks. Now, though, the U.S. is unlikely to meet his target to have 70% of Americans at least partially vaccinated by July 4. So far 14 states have reached 70% coverage among adults, with about a dozen more on pace to reach the milestone by July 4. But the state-to-state variation is stark. https://apnews.com/article/coronavirus-pandemic-health-government-and-politics-eb4f8fe6fcd36dd9e41d388fdcd28bd1?utm_source=Sailthru&utm_medium=email&utm_campaign=June9_MorningWire&utm_term=Morning%20Wire%20Subscribers
- President Biden will take the global stage this week with a coronavirus vaccine-sharing strategy that has been criticized by congressional Democrats and some health advocates as too timid, drawn flak from European allies as too bold and led to frustration within his administration, [The Washington Post reports](#).
- In the global race to vaccinate people against COVID-19, Africa is tragically at the back of the pack. In fact, it has barely gotten out of the starting blocks. [Read More](#)
- Hospitals, state health departments and the federal government are racing to decide how to use up millions of Johnson & Johnson's Covid-19 vaccine doses that are set to expire this month. https://www.wsj.com/articles/millions-of-j-j-covid-19-vaccines-are-at-risk-of-expiring-in-june-11623152775?mod=djemalertNEWS&mkt_tok=ODUwLVRBQS01MTEAAAF9j7fctAvM0zqE13X29PANb0vvOk5NEqKXivRMOcFIBNbCGc21TYVtGFCxe09fSFpHxSj6GoffIMn5MZCTmZcsTUjfGH-is4wJxN20z0PsWCxS
- GOP governors in 25 states are in the midst of ending enhanced jobless aid for an estimated 4 million people, arguing that the generous benefits are dissuading people from going back to work. However, a number of those governors have personal connections to businesses that are trying to find workers and could benefit from the policy change, according to a Washington Post review of financial disclosures from state elected officials. https://www.washingtonpost.com/business/2021/06/07/gop-pandemic-unemployment-aid/?mkt_tok=ODUwLVRBQS01MTEAAAF9j6VEHQDq7eKZsk-wyRUYZ4SMLtleyAZVqPEqqf05zGUGFRuKe5G_Tdzcq8hZJNfqkZprwrMnTI39JrnzQPhRrSSUQ7ElbBwIIN4bjLtqhHm
- Available jobs in the U.S. climbed further above pre-pandemic levels last month following a record surge earlier in the spring, a sign of strong demand for workers-with leisure and hospitality sectors showing the most growth in openings. Openings continued to grow in May, according to job search site Indeed.com. https://www.wsj.com/articles/job-openings-are-still-rising-but-labor-demand-is-easing-in-some-sectors-11623144602?mkt_tok=ODUwLVRBQS01MTEAAAF9j6VEHfs8tbg78uKnNdZhYD11dT7okKu1e1U_LUTtuRjieUE977Tc0Ja0vJvHF06XsezgXiYHngvjczOESf3jmwvOHE4vS9W5NkhWrCp3-7A5
- The COVID-19 pandemic and the mitigation efforts put in place to contain it delivered the most severe blow to the U.S. economy since the Great Depression. In this paper, the Federal Reserve argues that it acted decisively and with dispatch to deploy all the tools in its conventional kit and to design, develop, and launch within weeks a series of innovative facilities to support the flow of credit to households and businesses. https://www.federalreserve.gov/econres/feds/the-covid-19-crisis-and-the-federal-reserves-policy-response.htm?mkt_tok=ODUwLVRBQS01MTEAAAF9j6VEHWjz_EpPE0koU3gnW5hbwLSlxkdolyCxIRO1r1VVr2gsNUwCvxcumiokmH8z3frt87W9VZz6URyFRCTiGwZDCrsm6zDRas1ryVv3nlt0

FROM NEW YORK

The coronavirus in New York, by the numbers: The coronavirus pandemic hit New York state harder than almost anywhere else in the world. Cases and hospitalizations appear to have hit a short-term peak and are decreasing in New York as the state's vaccine distribution effort continues. The government continues to provide data that can help put the past, present and future of the pandemic in context. As New York continues to ramp up vaccination efforts, here's a look at other key COVID-19 figures in the state.

<https://www.cityandstateny.com/articles/politics/new-york-state/new-coronavirus-numbers.html>.

Consider these numbers to be a snapshot in time of an ongoing crisis.

- 33,373,748–The number of positive tests for the coronavirus across the United States, [as of June 7](#)
- 42,799 – The number of people who have died after testing positive for the coronavirus, [as reported on June 7](#). There were 9 deaths on June 6.
- 2,089,129 – Total number of positive tests for the coronavirus, [as reported on June 7](#). There were 463 positive tests on June 6.
- 799 – The number of people hospitalized with the coronavirus on [June 6](#).
- 33,373,748 – The number of positive tests for the coronavirus across the United States, [as of June 7](#)

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- New York officials introduced Excelsior Pass as the country's first government-issued vaccine passport, but newly obtained documents show that the state may have larger plans for the app at a cost to taxpayers that may be much higher than originally stated, [the Times reports](#).
- State lawmakers will conclude the 2021 legislative session on Thursday with a lot of the same questions that have been asked for the last several weeks. When will NYS Attorney General James release her report on the investigation into allegations of sexual harassment leveled against Governor Cuomo? What direction will the federal government's investigation into nursing home deaths take? Will the governor face impeachment? [Read More](#)
- A team appointed by the state attorney general probing the workplace conduct of Gov. Andrew Cuomo is seeking to determine whether laws banning retaliation against sexual harassment victims were broken, [The Washington Post reports](#).

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

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