

Friday, July 9, 2021
To: New York Community Banks

FROM ICBA

Congress pushes back on IRS reporting plan

House Ways and Means Committee Republicans issued a fact sheet pushing back on the Biden administration's proposal to require banks to report customer account information to the IRS.

Fact Sheet: The congressional [fact sheet](#) says the proposal would supercharge the IRS and require local banks to serve as tax auditors and raises doubts about the size of the agency's estimated "tax gap."

Grassroots: ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to urge their members of Congress to oppose the plan.

More: ICBA recently delivered its own [fact sheet to Congress](#) detailing consumer and small-business opposition to the plan.

[CONTACT CONGRESS](#)

Former NCUA official criticizes credit union bank purchases

A former National Credit Union Administration official this week raised concerns over credit union acquisitions of community banks.

Criticism: In separate blog posts on [Wednesday](#) and [Thursday](#), Callahan & Associates co-founder and former NCUA Central Liquidity Fund President Chip Filson said these transactions:

- Convert firms subject to market monitoring into private entities.
- Exclude from the process credit union member-owners and are often not in their interest.
- Are often justified through generalizations, not due diligence.

ICBA Proposal: ICBA this week [urged the Treasury Department](#) to examine credit union acquisitions of community banks and proposed legislation to offset the tax losses imposed by these transactions.

Exit Fee: ICBA proposed implementing an "exit fee" that would:

- Tax credit union acquisitions of taxpaying community banks to capture the value of the tax revenue that is lost once the business activity of the acquired bank becomes tax-exempt.
- Equal 10 percent of the gross value of the acquired bank's assets or liabilities as shown on its most recent balance sheet, whichever is greater.

Grassroots: Community bankers can continue urging Congress to hold hearings on credit union acquisitions via a customizable message to lawmakers on ICBA's [Wake Up page](#) and recently published [Wake Up Messaging Playbook](#).

LIBOR transition heating up: blog

A new [Main Street Matters post](#) details the impact of the pending LIBOR transition on community banks.

Details: With LIBOR set to be largely discontinued on Dec. 31, the post from ICBA's Chris Cole spotlights regulatory pressure on financial institutions, alternative reference rates, and available resources. [Read the post.](#)

CFPB launches housing insecurity media toolkit

The Consumer Financial Protection Bureau launched a [digital media tool kit](#) with resources for renters and mortgage borrowers who continue to struggle financially from the coronavirus pandemic. The toolkit provides housing and rental relief emails, social media posts, videos, and printed handouts.

Consumer credit jumps in May

Consumer credit increased at a seasonally adjusted annual rate of 10 percent in May, the Federal Reserve [said](#). Revolving credit, which includes credit card spending, increased at an annual rate of 11.4 percent. Non-revolving credit, such as auto and student loans, rose 9.5 percent.

FROM OTHER SOURCES

- The more-transmissible Delta coronavirus variant is believed to be significantly more widespread than current federal projections, according to two senior Biden administration health officials with knowledge of the situation, [Politico reports](#).
- Since mid-April, the share of vaccine skeptics in the U.S. has fallen by 4 percentage points, from 34 percent to 30 percent. Over that same time period, the share of skeptics has dropped by an average of 10 points in the other 14 countries tracked. Only the U.K. has seen a smaller downward shift than the U.S. since April. [Read more](#).
- The US COVID-19 Vaccination Tracking [project](#) at Georgetown University's [Bansal Lab](#) found these [five clusters](#) of low vaccination, from New Mexico to Georgia, and stretching north to Missouri. They're mostly rural areas: "92% of cluster counties have a population size of less than 100,000."
- The gap in vaccination rates between counties that voted for Donald Trump and those that voted for President Biden is widening, Axios' Caitlin Owens [writes](#) from a Kaiser Family Foundation [analysis](#). Vaccination rates give the strongest indication of which communities are still vulnerable to outbreaks, as the Delta variant rapidly spreads. [Share this story](#)
- Pfizer Inc. is seeking authorization from U.S. regulators for the use of a third dose of its COVID-19 vaccine to boost immunity. In a joint statement, the Food and Drug Administration and the Centers for Disease Control and Prevention said people who are fully vaccinated do not need booster shots at this time as they are protected from variants - including the surging delta variant. [NBC News](#)
- Tens of thousands of Americans who stepped up to help test coronavirus vaccines through clinical trials are now stuck without an official vaccine card to prove it, Axios' Caitlin Owens reports. Two vaccine candidates — created by Novavax and AstraZeneca, respectively — have clinical trial data suggesting they're effective, but have yet to be authorized for use in the U.S. That leaves clinical trial participants in a potentially tough spot. [Read more](#).
- The Bipartisan Policy Center said Thursday it is facing uncertainty in predicting how long the Treasury Department will be able to continue paying the nation's bills after the current debt limit suspension expires at the end of the month. https://www.rollcall.com/2021/07/08/debt-limit-x-date-forecast/?mkt_tok=ODUwLVRBQS01MTEAAAF-KjLfz2CNOSu5fkr1osPHtqPNJcqx8fzFIDX8j7tLdt9vbrJ1wNrQg_Ubt3Uf_uLTLtrQ01_FESHgbckQtp2ZXq26UPkvH4ZjfzVyClT_CE
- President Biden is reportedly expected to sign an executive order today targeting competition, including measures specifically focused on bank mergers by urging the Federal Reserve and the Department of Justice to revise merger guidelines and tighten scrutiny of deals. The order will also ask the CFPB to create a rule that gives customers full control of their data, allowing them to more easily switch banks, according to the source. [Reuters](#)
- Mary Daly, President of the Federal Reserve Bank of San Francisco, said the Delta coronavirus variant is a threat to global recovery, noting low vaccination rates in some parts of the world.

Daly, a voting member of the Fed's monetary policy committee, said the Fed would stick to its August 2020 framework, and while discussion around "tapering" is warranted, the central bank should "keep our eye on the long-term goals, which are full employment and price stability."
[Financial Times](#)

- Senate Banking Committee Chairman Sherrod Brown (D-OH) said he doesn't expect Fed Vice Chair Randal Quarles will be reappointed by President Biden to oversee financial supervision when Quarles' term ends in October. Brown, whose committee considers Fed nominations, said Quarles has "done the bidding of Wall Street far too many years." [Bloomberg](#)
- More than nine million Americans said in May that they wanted jobs and couldn't find them. Companies said they had more than nine million jobs open that weren't filled, a record high. Millions of Americans say they can't find a job. Millions of employers say they can't find workers. A reason for this mismatch is that people are leaving cities or industries where businesses need them most.
[.https://www.wsj.com/articles/job-openings-are-at-record-highs-why-arent-unemployed-americans-filling-them-11625823021?mkt_tok=ODUwLVRBQS01MTEAAAF-KjQU9I00x68hFd2n28IiptCB8M_I-4arRm7WCvBMofD6PwRsLEX12bzZhU2dN-5Yja5ZMPWRGjuAn5MzMbu58UQI6-H3JHGHHuIs9VGBFDq](https://www.wsj.com/articles/job-openings-are-at-record-highs-why-arent-unemployed-americans-filling-them-11625823021?mkt_tok=ODUwLVRBQS01MTEAAAF-KjQU9I00x68hFd2n28IiptCB8M_I-4arRm7WCvBMofD6PwRsLEX12bzZhU2dN-5Yja5ZMPWRGjuAn5MzMbu58UQI6-H3JHGHHuIs9VGBFDq)
- New applications for unemployment benefits held near pandemic lows last week while the number of Americans collecting continuing payments fell sharply in late June as many states acted to curtail jobless aid. https://www.wsj.com/articles/unemployment-benefits-weekly-jobless-claims-07-08-2021-11625688074?mkt_tok=ODUwLVRBQS01MTEAAAF-KjLz0f_ujdnZZmRH1ZYR0sHTugmYhRNFaeVyh6hcXmIqB9YoROSik69kHziD6AfQ0vjQbqzAiOoqYUa40aeH08RLV5jS9Zr2HDYwmiPPH4
- With feared pandemic loan losses failing to materialize, most big U.S. banks are expected to report a stunning rebound in quarterly profits next week even as trading income slumps and lending revenue stalls on low interest rates and weak demand. The country's three largest banks will more than double their second-quarter profits, according to analyst estimates compiled by Refinitiv. https://www.reuters.com/business/finance/us-banks-see-big-jump-2q-profits-before-results-return-normal-2021-07-08/?mkt_tok=ODUwLVRBQS01MTEAAAF-KjQU9VOgLFfLfy7xBxtG49ZRUI9Z_qF1HWdYQv-VFubPrtaFYpZgdKN2NKt9KiGBqzYX1q02Ix09HCYYym_t94pR2TFQWZMLJ32pgu1tH
- Wells Fargo is ending a popular consumer lending product, angering some of its customers, according to CNBC. The bank is shutting down all existing personal lines of credit in coming weeks and has stopped offering the product, according to customer letters reviewed by CNBC. The revolving credit lines, which typically let users borrow \$3,000 to \$100,000, were pitched as a way to consolidate higher-interest credit card debt, pay for home renovations or avoid overdraft fees on linked checking accounts. Wells Fargo warned customers that the account closures "may have an impact on your credit score," according to a frequently asked questions segment of the letter. <https://www.cnbc.com/amp/2021/07/08/wells-fargo-is-shutting-down-all-personal-line-of-credit-accounts-.html>
- Mortgage rates in the U.S. dropped to the lowest in almost five months. The average for a 30-year loan was 2.9%, down from 2.98% last week and the lowest since Feb. 18, Freddie Mac said in a statement on Thursday. https://www.bloomberg.com/news/articles/2021-07-08/u-s-mortgage-rates-slide-to-lowest-level-since-february-at-2-9?utm_source=google&utm_medium=bd&cmpId=google&mkt_tok=ODUwLVRBQS01MTEAAAF-KjQU9FPVdRa4FjcILTWIIReVIZxDcYfR9ElsZNY3EoL0Dh6pK4A4YO-vsXp-0hHEpDyr-6NQ1YKG1tcqJLmu-V1jO8jJrZrC94ZSaiSg45d

- Democrats are hurtling toward their most consequential stretch of legislating since the passage of Obamacare, with major decisions left unmade as they wrangle over the size and scope of Biden's sweeping domestic agenda, [Politico reports](#).

FROM NEW YORK

- Governor Cuomo reported yesterday that COVID hospitalizations in the state were at 347. Of the 98,677 tests reported yesterday, 607, or 0.68%, were positive. The 7-day positivity average was 0.68%. There were 80 patients in ICU yesterday, up three from the previous day. Of them, 39 are intubated. Sadly, we lost three New Yorkers to the virus. 72.8% of adult New Yorkers have received at least one vaccine dose, per the CDC. New York had administered 21,443,054 total doses with 66.2% of adult New Yorkers completing their vaccine series. See additional data on the State's [Vaccine Tracker](#).
- Governor Cuomo pleaded with inoculation-hesitant New Yorkers to get their COVID-19 shots, telling them that the vaccine is the only readily available safeguard against another severe coronavirus outbreak, [the Daily News reports](#).
- Days after Canada dropped its quarantine requirement for [fully vaccinated Canadians](#) entering the country, Prime Minister Trudeau rejected the idea that non-essential visitors will soon be allowed in. "I can tell you right now that's not going to happen for quite a while," Trudeau said. <https://www.cnn.com/travel/article/canada-covid-visitors-trudeau/index.html>
- Under a relaxed rule issued yesterday by the state health department, mandating face-masking at summer schools is now at the discretion of individual school districts – though, for now, the masking-optional policy does not cover the return to school in the fall, [Newsday 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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