

Friday, September 17, 2021
To: New York Community Banks

FROM ICBA

Romero Rainey: Continue IRS reporting push

ICBA President and CEO Rebeca Romero Rainey called on community bankers to continue [engaging consumers](#) against a proposal that would require banks to report customer account information to the IRS.

Consumer Resources: ICBA is calling on community bankers to use its customizable [email text and social media content](#) to urge consumers to [contact Congress in opposition](#) to the plan, which policymakers are working to include in budget-reconciliation legislation.

Call Alert: ICBA also is encouraging community bankers to call their members of Congress using a new ICBA [call alert and customizable script](#) on the proposal.

Latest: The Treasury and IRS [this week](#) urged the House Ways and Means Committee to advance the proposal as part of the budget package. While the panel has not yet taken up the plan, the agency request illustrates that it can be added at any time.

More: A [recent blog post](#) from Romero Rainey details ICBA's consumer-facing campaign, which has now generated more than 360,000 messages to Congress from roughly 120,000 consumers.

CUSTOM RESOURCES

ICBA pushes back on proposed SBA 7(a) changes

ICBA expressed opposition to legislative proposals that would authorize the SBA to provide direct loans through its 7(a) program.

Background: The \$3.5 trillion budget-reconciliation package would provide \$4.5 billion to the SBA to make direct 7(a) loans of \$150,000 or less.

Release: In a [national news release](#), ICBA President and CEO Rebeca Romero Rainey said establishing a direct lending program to compete with private-sector lenders "would needlessly risk diminishing participation in the program while putting taxpayer dollars at risk."

Coverage: ICBA's Paul Merski [told American Banker](#) that the policy would undermine community bank lenders that "have the local presence, relationships and underwriting expertise with small business to do SBA 7(a) that the SBA just doesn't have."

Credit union acquisitions demand Washington response: ICBA chairman

With the number of credit union-bank acquisitions passing 100, the time has come for policymakers to examine the credit union tax exemption, ICBA Chairman Robert Fisher writes in a new op-ed.

Op-ed: In the [Business Observer](#), the president and CEO of Tioga State Bank in Spencer, N.Y., notes that these acquisitions decrease consumer access to local financial services while diminishing tax revenues that could be used to help bolster services in local communities.

Hearing: ICBA is urging the House Financial Services Committee to use an upcoming [subcommittee hearing](#) on the future of banking to examine the role of credit unions on banking industry consolidation.

Letter: In a [letter to the committee](#) this week, ICBA said credit union acquisitions of taxpaying community banks are a product of the tax exemption and lax National Credit Union Administration oversight.

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 its [Wake Up Messaging Playbook](#).

Grassroots opposition to reconciliation tax hikes continues

Legislative language released this week contains ICBA-opposed tax increases that community bankers can [speak out against](#).

Background: Budget-reconciliation [legislative text](#) includes ICBA-opposed proposals to raise rates on pass-through shareholders and C corporations, cap the Section 199A deduction, increase the capital gains tax, and impose capital gains at death.

Grassroots: ICBA's [Be Heard grassroots action center](#) allows community banks to send customizable messages to their lawmakers opposing these proposed tax hikes.

FDIC launches MDI, CDFI investment fund

The FDIC [launched](#) the Mission-Driven Bank Fund, a capital investment vehicle to support minority depository institutions and community development financial institutions.

Details: The fund is a collaborative investment framework to drive capital investment and other funding to FDIC-insured MDIs and CDFIs

Investors: Microsoft and Truist Financial Corp. will lead the investment fund as anchor investors, with Discovery Inc. joining as a founding investor. The initial commitment totals \$120 million, with additional investments expected.

Treasury disbursed \$700B in stimulus funds

The Treasury Department [said](#) it has disbursed roughly \$700 billion of \$1 trillion in American Rescue Plan funds in the first six months of implementation. In a report, Treasury said \$450 billion in funds have been paid directly to households through Economic Impact Payments, Advance Child Tax Credits, and Emergency Rental Assistance.

Bank trading revenue falls in Q2

U.S. commercial bank and savings associations trading revenue totaled \$8.1 billion in the second quarter of 2021, according to the [OCC](#). Trading revenue was down 22.9% from the previous quarter.

Retail sales rebound in August

Retail sales increased 0.7% in August from the previous month and were up 15.1% from a year ago, the Commerce Department [reported](#). The July decrease was revised down from 1.1% to 1.8%.

Business inventories continue gains

Business inventories [increased](#) 0.5% in July and were up 7.2% from a year ago, according to the Commerce Department. Sales also rose 0.5% and were up 16.3% from last year.

FROM OTHER SOURCES

- The Biden administration's push to introduce widespread Covid-19 vaccine boosters faces a test as a Food and Drug Administration advisory panel meets to weigh evidence on the extra shots, a topic that has divided federal health officials. https://www.wsj.com/articles/fda-panel-to-weigh-covid-19-booster-shots-as-health-officials-debate-need-11631871003?mod=hp_lead_pos1&mkt_tok=ODUwLVRBQS01MTEAAAF_krH348c1-vDfvZWI69Ay93oleMy6GCsi4Ug-wzjbowhD50-rg2HHu061culiLiv6JciPmemDCOkQJ4eVMLleW3TcyEpqbRRbjgipmOShCw60

- One big question: Not only whether experts believe there's enough evidence to support boosters, but also whether they believe additional shots should be made available for everyone or limited to older Americans and the immunocompromised. https://www.axios.com/newsletters/axios-vitals-2a968791-5823-4aec-86cc-170ad8176c0d.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosvitals&stream=top
- America's economy is emerging from the pandemic with more well-paying jobs for those who want them, [less hunger](#), [less poverty](#), higher wages, less inequality, and more wealth for everyday Americans. None of these outcomes were expected when the pandemic began. All of them are the result of massive government programs, [Axios Capital](#) author Felix Salmon [writes](#). [Share this story](#)
- Stimulus checks lifted nearly 12 million Americans [out of poverty](#), according to new census data this week. Government programs also [saved](#) millions of people from losing their health insurance, even as millions lost their jobs. Headline unemployment stands at 5.2% — low, but still higher than the pre-pandemic rate of 3.5%.
- The [true unemployment](#) rate, however, as measured by the Ludwig Institute for Shared Economic Prosperity, tells a different story. Overall, true unemployment — people who are looking for a full-time job that pays a living wage, but who can't find one — stands at 22.8%, which is lower than the 24% rate in February 2020. Household wealth for the bottom 50% of the population stood at a record \$2.62 trillion at the end of the first quarter — up 30% from the end of 2019. The top 10% also saw their wealth grow, but not as fast — they're up 17% over the same period.
- The U.S. economy is proving resilient in the face of the Delta variant. Americans briskly increased spending at retailers last month, while employers have largely resisted the urge to lay off workers, the government reported Thursday, both signs of strong demand in the economy. https://www.wsj.com/articles/us-economy-august-2021-retail-sales-delta-variant-11631736808?mkt_tok=ODUwLVRBQS01MTEAAAF_kp6r24wWyp7X2ClhlnDxtTJap_Ssmt_7bVQy53MWp0xpBGE9pJ0OtTJsIXnfzyjg8bwNVpVREehYFec4aty888LqbEvEsz5PB-m0ccvCwtYs
- The Federal Reserve will probably hint at its meeting next week that it is moving toward scaling back monthly asset purchases and make a formal announcement in November, according a Bloomberg survey of economists. The survey of 52 economists also predicted the U.S. central bank would hold interest rates near zero through 2022 before delivering two quarter-point increases by the end of the following year. https://www.bloomberg.com/news/articles/2021-09-17/fed-seen-announcing-bond-taper-in-november-rate-liftoff-in-2023?mkt_tok=ODUwLVRBQS01MTEAAAF_kp6r22GBUcVqOn8MIwoFtzMy2yopYW7YsS_7yC8plSx0UqeDmOUtqTeNHC-vIBn81Axp_VNDiQm-R9IAKOMEaiGK81W3qUcSYQafy4FJaf5b0
- Jobless claims rose slightly last week but remained near a pandemic low, as layoffs stabilize amid an economic slowdown tied to rising coronavirus cases. Initial unemployment claims rose to 332,000 last week from a pandemic low of 312,000 a week earlier, the Labor Department reported Thursday. https://www.wsj.com/articles/weekly-jobless-claims-09-16-2021-11631736316?mkt_tok=ODUwLVRBQS01MTEAAAF_kp6r21cWpcyfB5oRSTxYC9SH2qYp1_B0GLqBzJXvGiwYYigyNa6XE817i-uFk_JkqL3-4qmoaAl6MEeTzpjfFpmIL4XPPWetJ2ekfKuvTO5GI
- No matter what the economic data shows, mortgage rates seemingly can't be swayed these days. The 30-year fixed rate - the most popular home loan product - has barely stirred since early last month. https://www.washingtonpost.com/business/2021/09/16/30-year-fixed-mortgage-rate-remains-stubbornly-place/?mkt_tok=ODUwLVRBQS01MTEAAAF_kp6r28vl-Gn8FgdR2i39UjqQiOHBETfvdESyh7z0vRC_s1QssYgLiTVIjQp7kP4FQpyW4v4s5DUa-frL4Q89LMLM6E5x5nuC3QTe3RxB69RB

- Global brands from Mercedes and Amazon to IKEA and Walmart are cutting out the traditional financial middleman and plugging in software from tech startups to offer customers everything from banking and credit to insurance. https://www.reuters.com/business/finance/banks-beware-outsiders-are-cracking-code-finance-2021-09-17/?mkt_tok=ODUwLVRBQS01MTEAAAF_kp6r24JWnwId3Hk-P2OwQlg9b2gY5tUq5p4AnUHUI7CCmVXypAqEz_iWVbHJMx8ZDVCppgpNU64EeWnfgPyr_t18gfgZ9phzXH-JIRDlcW3Hu

FROM NEW YORK

- Governor Kathy Hochul today updated New Yorkers on the state's progress combating COVID-19. <https://www.governor.ny.gov/news/governor-hochul-updates-new-yorkers-states-progress-combating-covid-19-22>
- New York City's recovery from the pandemic recession came to a screeching halt over the summer as private sector jobs declined and the city's unemployment rate remained stuck at twice the national average. The outlook for the fall also remains cloudy as the end of special pandemic benefits costs jobless residents a total of almost \$500 million a week, worries about the Delta variant curtails the return of office workers. <https://www.thecity.nyc/2021/9/16/22678551/new-york-city-jobs-unemployment-grows-pandemic-shecession>
- With the pandemic keeping millions of New York City office employees home for more than a year and counting, restaurants, coffee shops, apparel retailers and others have struggled to stay afloat, [The New York Times reports](#).
- Governor Hochul announced the state is lifting a hiring freeze implemented during the height of the coronavirus pandemic, at a time when pay raises for roughly 80,000 government workers also had been delayed for months. The Governor said the suspension of the hiring freeze was sparked by an updated state financial plan that projects \$2.1 billion in revenue above what had been forecast. <https://www.timesunion.com/state/article/Hochul-suspends-hiring-freeze-for-state-agencies-16464318.php>
- There are worker shortages across New York's public sector, and all are happening for different reasons. Here's [a look](#) at why it's so hard to recruit for job openings as the coronavirus pandemic and its delta variant continue to impact New York state.
- Patrick Orecki of the Citizens Budget Commission laid out what the budget news means for the average New Yorker, whether the state's spending is sustainable and whether the tax increases are forcing the rich to move out of the state. He said the news is a potentially thriving economic outlook for the state, even if it's a sign the tax hikes many not have been completely necessary, [Read More](#).
- New York state's unemployment rate [fell from 7.6 to 7.4percent](#) between July and August.
- State Comptroller Thomas DiNapoli warned in a new report that New York City's Education Department is headed for a "fiscal cliff" when billions in federal stimulus funds dry up in 2025 [the Daily News reports](#).
- As Long Island surpasses [1,000 daily COVID-19 cases](#), these Long Islanders said they were willing to lose their jobs and even change careers before complying with workplace vaccine mandates, [Newsday reports](#).
- [Hiring has slowed in parts](#) of western New York amid the spread of the delta variant this summer.
- [Local health officials will be in charge](#) of helping to distribute booster shots once approved by the federal government.
- [These New Yorkers Are Willing To Risk Their Jobs Over COVID-19 Vaccines](#)
- [A few nurses are opting out of the vaccine, and their jobs. Here's why](#)
- [De Blasio rolls out COVID booster shot plan utilizing all NYC vaccination sites: 'We are ready](#)

- New York State Attorney General Letitia James has been talking with her advisors and supporters about potentially running for governor next year, according to people familiar with the matter.
https://www.cnbc.com/2021/09/16/letitia-james-discussing-run-for-new-york-governor-after-cuomos-fall.html?mkt_tok=ODUwLVRBQS01MTEAAAF_krH35P9KELF9xmZ1BjXpaIUIsQED1pFD579huj4c6Kyb9C3MvxQl0BeeJw-QljZrwjOzyF4DIQ_h--pMxjhKc_XZf1xx-0RRgYFxd5OA5XU

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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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