

Wednesday, November 10, 2021
To: New York Community Banks

FROM ICBA

Blog offers status update on IRS reporting, tax campaigns

A [new ICBA blog post](#) provides the state of play on the debate over the reconciliation package's IRS reporting proposal and tax provisions.

Details: ICBA President and CEO Rebeca Romero Rainey [writes](#) that while ICBA's months-long efforts are bearing fruit, the grassroots push must continue due to ongoing policy threats.

Grassroots: The post encourages community bankers to:

- Continue [calling their members of Congress](#) and [rallying consumers](#) in opposition to the IRS proposal.
- Use ICBA's [Be Heard resource center](#) to speak out against numerous tax increases included in the budget bill's draft framework.

More: "Community bankers are again proving to be powerful and effective advocates," Romero Rainey writes. "Now let's work together to finish the job on these harmful policies."

[READ MORE](#)

Webinar today on credit union mission creep

ICBA Chairman Robert Fisher will participate in a [National Taxpayers Union webinar](#) today on the "rise of bank-like credit unions." **Details:** Scheduled for 1 p.m. (Eastern time) today, the webinar will feature two panel discussions on credit union taxation and regulation, mission creep, acquisitions of community banks, and other concerns. [Register here.](#)

ICBA: Chip shortage could harm payment card access

ICBA and other payments groups expressed concerns to the Commerce Department about the impact of semiconductor supply chain risks to U.S. consumers and businesses.

Joint Letter: The groups said:

- EMV "chip" cards have helped reduce fraud at the physical point of sale.
- Contactless card usage has increased due to the pandemic.
- Expiration dates are embedded in EMV chips and cannot be turned off, so extending the lifespan of a payment card is not a feasible option for addressing potential chip shortages.
- The payments industry should be designated as a priority industry to mitigate possible disruptions.
- Policymakers should work on long-term domestic chip production improvements.

Background: An impending chip shortage caused by pandemic-era supply chain disruptions could affect consumer access to payment cards.

Basel panel: Crypto reg update coming in 2022

The Basel Committee on Banking Supervision [said](#) it is reviewing comments on establishing prudential regulations on banks' cryptoasset exposures and plans to issue a revised consultative document by mid-2022.

Background: The committee is working to advance a conservative risk-based global minimum standard to mitigate prospective cryptoasset risks to the banking system.

ICBA Comments: In a September [comment letter](#), ICBA said:

- Regulators must cooperate internationally because cryptoassets are a global phenomenon.
- More categories and risk weightings would reflect the diversity of cryptoassets and their various functions.

Climate: The committee also said it will consider principles for managing and supervising climate-related financial risks at internationally active banks. ICBA recently released a [position paper](#) on the potential impact of new climate change regulations on community banks.

Regulators continue raising digital asset concerns

U.S. regulators continued raising concerns about digital assets as policymakers work to develop a regulatory framework.

SEC: In a [public statement](#), SEC Commissioner Caroline Crenshaw spotlighted risks posed by decentralized finance and smart contracts, noting that few people can understand the code on which these instruments are based and even experts can miss flaws or hazards.

Fed: Separately, this week's Federal Reserve [Financial Stability Report](#) rates stablecoins and cryptocurrency as the fifth-most-cited potential financial shock over the next 12-18 months, ahead of climate, political uncertainty, and cyberattacks.

ICBA Position: ICBA is [encouraging regulators](#) to collaborate on a comprehensive approach to unregulated platforms and [expressed support for](#) efforts to ensure a consistent federal regulatory framework for stablecoins.

More: A new [ICBA blog post](#) breaks down the basics of smart contracts—computer programs that automatically execute specific actions.

Blog: Community bank PPP response topped larger lenders

Small Business Administration data show that community banks led the financial services industry in Paycheck Protection Program loans responding to the COVID-19 pandemic, according to a [new ICBA blog post](#).

Details: In the new post, ICBA economist Noah Yosif [breaks down data](#) detailing how:

- Community banks assumed an outsized role in originating PPP loans.
- Community banking growth stemmed largely from PPP loan originations.

Recent: Released as part of a three-part series on final PPP data, a [previous post](#) from Yosif shows how community banks drove lending in the earliest weeks of the program.

Agencies release call report updates

Regulators [issued](#) revised call reports related to the standardized approach for measuring counterparty credit risk. The agencies deferred consideration of any instructional changes related to the reporting of deferred tax assets.

Household debt rises in Q3

Overall household debt balances increased during the third quarter, the New York Fed [reported](#). The increase was bolstered primarily by a sizeable increase in mortgage balances and a second consecutive quarterly gain in credit card balances.

Small-biz optimism edges down

The NFIB Small Business Optimism Index [decreased](#) 0.9 points in October to 98.2. The group said the lack of workers for unfilled positions and inventory shortages are fueling pessimism about business conditions in the near future.

FROM OTHER SOURCES

- Pfizer and BioNTech have [asked](#) the FDA to expand authorization of their COVID-19 vaccine booster to include anyone 18 and older, [Axios' Jacob Reyes writes](#). If the FDA agrees, it could significantly increase the number of people eligible for a booster. Currently, Pfizer-BioNTech and Moderna recipients are eligible to receive a booster six months after their second dose if they are 65 and older or an adult at high risk of severe infection. All J&J recipients over the age of 18 are eligible to receive a booster two months after receiving their first shot.
- Moderna is also expected to request booster authorization for all U.S. adults soon, but [the New York Times reports](#), that could be trickier because of concerns about rare cases of myocarditis, or inflammation of the heart muscle.
- A new POLITICO-Morning Consult poll finds voter sentiment for President Biden's vaccine mandates has dropped a bit but still has majority backing. <https://www.politico.com/newsletters/playbook/2021/11/10/new-reminders-that-this-is-not-normal-495046?nname=playbook&nid=0000014f-1646-d88f-a1cf-5f46b7bd0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630318>
- Colorado already says every resident over age 18 is eligible for a COVID-19 booster shot under federal guidelines because the virus is spreading so rapidly in that state, [Axios' John Frank reports](#). [Colorado sounds the COVID alarm as FEMA team arrives at hospitals](#)
- The Biden administration has brokered a deal to get more doses of the Johnson & Johnson COVID vaccine into conflict zones around the world. The U.S. will also donate 1.5 million doses of extra domestic supply of J&J shots to COVAX for people in conflict zones or other humanitarian settings. U.S. Secretary of State Blinken will announce the deal [as part of a virtual meeting with foreign ministers](#) today, and will also announce the U.S. facilitated a deal to make an additional 300,000 doses of J&J available for humanitarian, UN peacekeeping, and other frontline workers around the world. https://www.axios.com/newsletters/axios-vitals-15e58307-7ad6-4f86-a66d-c1c7e8c0cec3.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axios_vitals&stream=top
- Moderna and the NIH can't agree on who invented the lifesaving COVID-19 vaccine, and their feud is now public. [Endpoints News](#)
- President Biden spoke about supply chain woes with the heads of Walmart Inc., United Parcel Service Inc., FedEx Corp. and Target Corp., all of whom reassured Biden that store shelves would be stocked for the holiday shopping season despite the logjams. Biden talked about his new plan to relieve bottlenecks at ports by allowing them to use unspent grant money on congestion-alleviating projects and his administration's upcoming infrastructure plan. [Bloomberg](#)
- House Speaker Pelosi is hoping for a vote as early as next week on a roughly \$2 trillion social-spending and climate bill, but the legislation is likely to be altered to have a chance at passing the Senate. https://www.wsj.com/articles/senate-set-to-cut-provisions-in-house-democrats-2-trillion-plan-11636475141?mkt_tok=ODUwLVRBOS01MTEAAAGaQO_pbW2pqR8pk1tJ0Fvet0b98U6yTj_PJcaVAiZUGSawC-eG83Hl1jaTnbqG2iHuxipixCqAUclONLjiv-fOF63bupP7KEjxZeYRttlYNloF9
- The Congressional Budget Office will issue rolling estimates for the costs of different parts of President Biden's "Build Back Better" legislation, but did not say when it would issue a full score

of the package which some moderate Democrats in Congress insist they want to see before a vote. That could delay House passage of the legislation, though Speaker Pelosi said Democrats still plan to vote on the roughly \$1.9 trillion climate and social spending bill next week. [CNN](#)

- Business groups are sharpening their attacks on President Biden's Build Back Better package, warning congressional Democrats about its overall costs, potential effects on inflation and \$800 billion in corporate tax increases. https://www.axios.com/big-business-sharpens-attack-build-back-better-51323e3b-286a-495d-acf7-026ac3b513cc.html?mkt_tok=ODUwLVRBQs01MTEAAAGaQO_pboFQ-_27HDmzj8Z5YMKJNRU1atyJ8CQp3JnjCG5dOeLx-95tQZr1m4SayD-Abz00dRecdLrLI-I_S5_AXWzpmS3uJ1UQ4o5HTmspEF_q
- Consumer inflation surged in October as fuel costs picked up, supply chains remained under pressure and rents moved higher. Inflation picked up to 0.9% last month from September, a [Labor Department report](#) showed, faster than the prior month's increase of 0.4% and well above economists' expectations. Overall prices have climbed by 6.2% over the past 12 months, the fastest pace since 1990. Fed and White House officials had been emphasizing a recent slowdown in price gains and had pointed out while price gains were faster than usual, at least [they were slowing down](#) from rapid summertime readings. <https://www.nytimes.com/2021/11/10/business/economy/consumer-price-inflation-october.html?referringSource=articleShare>
- Treasury Secretary Yellen repeated her view that elevated U.S. inflation won't persist beyond next year and said the Fed will act if needed to prevent a rerun of 1970s-style price rises, noting: "I'd expect price increases to level off, and we'll go back to inflation that's closer to the 2% that we consider normal" as the pandemic fades." https://www.bloomberg.com/news/articles/2021-11-09/yellen-says-fed-wouldn-t-allow-repeat-of-1970s-level-inflation?mkt_tok=ODUwLVRBQs01MTEAAAGaQO_pbd-BVXGWnD-FI7clz-x-Mmp_tBrDcMnSKJCGfxD5K3f7k3hhfOiX9xQ8BNmwXtK3IxZm_18vqlOeQJGwMJztECpsQTct_upA3tDGOgu9
- Democratic lawmakers in both chambers want to make changes to the \$10,000 state and local tax (SALT) deduction cap (a GOP creation) as part of their sweeping social spending and climate change legislation, but they have chosen different tactics: The House proposes substantially raising the level of the cap, while key senators back exempting taxpayers under a certain income level. https://thehill.com/policy/finance/580860-democrats-at-odds-over-salt-changes?mkt_tok=ODUwLVRBQs01MTEAAAGaQO_pbtmSu7tPByhL8qLQDWC7LDOW7ldNo-MbAhgjizk62Z9HexQOWqywdZPpHsV7ftxon8v6xLNoz5SEejdMOTnFG_FKZ0iPxGs9OoaXxV6j
- The "biggest signal yet" that Federal Reserve Governor Lael Brainard is a major contender to replace Jerome Powell as Fed chair has triggered a wave of speculation over how financial markets would react if President Biden announced her as his nominee. https://www.bloomberg.com/news/articles/2021-11-09/a-brainard-fed-may-mean-lower-for-longer-wall-street-reacts?mkt_tok=ODUwLVRBQs01MTEAAAGaQO_pbUzkZ89Yf3zKHHjl62dADF42RYEUayfAZY7L8mWEuhp19VgupkfNNNEqaz8HIMNwPLIILFRQGFxXnfRxlVe982P3q8Tdn3O-AcZxuwCN
- The Federal Reserve is mulling changes to a key capital measure for big banks, rulings on several merger applications and other actions. How it ultimately decides those matters will depend largely on whom President Biden appoints as head of the central bank and to other leadership positions. [Read story →](#)

- Republicans are increasingly divided over the bipartisan infrastructure bill, with tensions rising over whether the party should remain united against all aspects of President Joe Biden's agenda or strike deals in the rare instances when there is common ground, [The Washington Post reports](#).
- [The Paycheck Protection Program Was Fintech's 'Moment to Shine.' That Spotlight Also Revealed the Problems With Those Loans](#)

FROM NEW YORK

- Governor Hochul's latest update on this week's COVID trends in New York State. As of November 8, 2021, there were 1,878 New Yorkers hospitalized with COVID-19. The 7-day percentage positivity average was 2.65%, which is up from 2.24% last week. Per the CDC as of November 9, 2021, 88.5% of adult New Yorkers have at least one vaccine dose. So far, 27,863,643 total vaccine doses have been administered, and 62,550 doses were administered over the past 24 hours. <https://www.governor.ny.gov/?emci=8427a04c-a741-ec11-9820-c896653b26c8&emdi=c2586ae6-4342-ec11-9820-c896653b26c8&ceid=296971>
- New York's will raffle off 50 full scholarships to any New York public college or university for children age 5 to 11 as part of the state's push to get more kids vaccinated, Gov. Kathy Hochul announced Tuesday. <https://www.lohud.com/story/news/coronavirus/2021/11/09/covid-vaccine-ny-kids-suny-scholarship/6358026001/>
- New York City Mayor Bill de Blasio said that more than 4,500 kids between the ages of 5 and 11 got COVID-19 vaccines as part of the city's first school vaccination drive for the newly eligible age group, but acknowledged supply shortages at some sites, [the Daily News reports](#).
- Senate Majority Leader Schumer is on track to nab billions of dollars for New York public housing repairs in President Biden's social infrastructure and climate package, triggering criticism from left-leaning housing experts and GOP lawmakers alike. https://www.politico.com/news/2021/11/10/schumer-billions-new-york-public-housing-520519?mkt_tok=ODUwLVRBQS01MTEAAAGAqO_pbgLI2SzZrFOk4Bv39RxZVlvdqSheuUq_YWWYxmsavH6EmiUrzZBYo3UNkNJpEo6EePb2I6SHApgvJkRQ7nZgbhOnHX9jZPKu9GzjPCVA
- Americans are racking up bills on credit cards, returning to pre-pandemic habits after emergency relief programs ended and the economy reopened. Credit card balances increased by \$17 billion to \$800 billion in the third quarter, the second gain in a row after a year of declines, the Federal Reserve Bank of New York said Tuesday. https://www.bloomberg.com/news/articles/2021-11-09/americans-ramp-up-credit-card-spending-in-return-to-old-habits?mkt_tok=ODUwLVRBQS01MTEAAAGAqO_pblPJbZMnPGqZ4y9cKI66zUvtpWz8Bzt1XxAPIHOWrYtOVCNsIMkgG3eUySqQgl2b9dbVYguDNdkxmFr5nzbxuTYo2myD98lvCzJ13ogC
- New York, New Jersey and Connecticut put out a statement that an agreement on how to split \$14 billion in federal COVID-19 relief aid for transit agencies has been reached, with the Metropolitan Transportation Authority getting \$10.85 billion, [Gothamist reports](#).
- A trio of state lawmakers – state Sen. James Skoufis and Assembly Members Kimberly Jean-Pierre and Nily Rozic – will endorse Attorney General Letitia James' bid for the Democratic nomination for governor today, [State of Politics reports](#).
- NYS Attorney General Letitia James' gubernatorial bid is getting a boost from her fellow top prosecutors. The Democratic Attorneys General Association, of which James is a member, has endorsed her. <https://www.nydailynews.com/news/politics/new-york-elections-government/ny-gubernatorial-democratic-candidate-ag-tish-james-endorsed-by-daga-20211109-lalwdgb64fbjbnb342by2vopzm-story.html>

- Since current Attorney General Letitia James has set her eyes on the governor's office, the race for her seat will likely be especially competitive. [Read More](#)
- "In what may be one of the last good deeds Tom Reed does for his congressional district," the Republican last week voted for the \$1 trillion infrastructure bill that the majority of his caucus "would have cheerfully suffocated in its cradle," [The Buffalo News writes](#).
- Now that all school-aged children are eligible to receive the COVID-19 vaccine, the next question is when can they take off their masks in school? [Read More](#)
- [New York City closed its second public school](#) due to a COVID-19 outbreak.

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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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