

Monday, November 22, 2021
To: New York Community Banks

FROM ICBA

House passes spending bill without IRS reporting plan

The House passed its version of the Build Back Better reconciliation bill without numerous ICBA-opposed provisions, including the IRS bank reporting proposal. **IRS Plan:** ICBA [applauded the exclusion of the IRS plan](#) and pledged to continue vocally opposing the proposal as negotiations proceed in the Senate. Several senators are [reportedly](#) pressing to include the policy in the Senate version of the spending bill. **Quote:** “The omission of the IRS plan from the House bill demonstrates the impact community banks and consumers nationwide are having on the debate via ICBA’s months-long [#KeepMyBankingPrivate](#) campaign,” ICBA President and CEO Rebeca Romero Rainey said following the [220-213 vote](#).

Tax Successes: Following ICBA and community bank advocacy, the House version of the spending plan also excludes numerous other anti-community banking tax provisions to:

- Hike the corporate and capital gains tax rates.
- Limit the 199A deduction for Subchapter S banks.
- Institute taxation of capital gains at death.
- Reduce the estate tax deduction.
- Curb Section 1031 transfers widely used in rural areas.
- Restrict Individual Retirement Account investments.

Outstanding Concerns: Nevertheless, the House bill continues to contain ICBA-opposed provisions, such as:

- Small Business Administration direct lending.
- A new net investment income tax on active S-corp shareholders.
- A surtax on small businesses held in trusts.

Grassroots: With the debate continuing in the Senate, ICBA is encouraging community bankers to weigh in with ICBA resources:

- [Opposing SBA 7\(a\) direct lending.](#)
- [Urging Congress to oppose the IRS plan.](#)
- [Rallying consumers against IRS bank reporting.](#)

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Fed officials: Faster tapering may be needed

Federal Reserve officials discussed the potential need to speed up the tapering of asset purchases in response to rising job gains and inflation. **Clarida:** Following webcast [remarks](#) to the San Francisco Fed, Vice Chair Richard Clarida [reportedly](#) said updated data may make it appropriate for officials to discuss a faster pace of cuts to purchases of Treasuries and mortgage-backed securities. **Waller:** In a separate [speech](#), Fed Governor Christopher Waller said the rapid improvement in the labor market and deteriorating inflation data have pushed him toward favoring a faster pace of tapering. **Current Rate:** The Federal Open Market Committee voted earlier this month to cut the Fed’s monthly net asset purchases by \$10 billion for Treasuries and \$5 billion for agency MBS.

ICBA issues summary of employer vaccine mandate

ICBA last week [published a summary](#) of the Biden administration’s policy requiring employers with 100 or more employees to ensure their workers are fully vaccinated against COVID-19 or are tested weekly. **Details:** The summary provides answers to frequently asked questions on the Occupational Health and Safety Administration standard and provides a note about legal challenges, which have resulted in a federal court ordering an administrative stay of enforcement. **Resources:** The summary and additional resources are available on ICBA’s [Pandemic Response webpage](#).

FROM OTHER SOURCES

- President Biden said today he will renominate Federal Reserve Chairman Jerome Powell for another term. His decision is in step with a long tradition of giving Fed chairs appointed by their predecessor a second term. Former President Trump — who replaced then Fed chair Yellen with Powell — was a rare exception. Powell is expected to face a tense confirmation process this time around. The President also nominated Fed Governor Lael Brainard as Vice-Chair of the Fed's board of governors. The Biden administration still has three openings to fill on the Fed board. https://www.axios.com/powell-fed-biden-pick-eb738ec7-c24f-4258-9cf3d5daf6787b8a.html?stream=top&utm_source=alert&utm_medium=email&utm_campaign=alerts_all
- With a few weeks to go in 2021, the Wall Street Journal reports the number of U.S. Covid-19 deaths recorded in 2021 has surpassed the toll in 2020, according to federal data and Johns Hopkins University. Cases are up 20%, and there is concern the figures will rise higher with Thanksgiving gatherings. The total number of reported deaths linked to the disease topped 770,800 on Saturday, putting the pandemic-long total at more than twice the 385,343 Covid-19 deaths recorded last year, according to the most recent death-certificate data from the CDC. <https://www.wsj.com/articles/u-s-covid-19-deaths-in-2021-surpass-2020-11637426356>
- Nationally, the seven-day average for new COVID-19 cases is nearing 95,000, a 33% increase from two weeks prior, according to data from The New York Times. In the past two weeks, cases have increased in 39 states and D.C., and doubled in Massachusetts and Rhode Island. Certain areas like the Midwest, New England and the Southwest in particular are dealing with surges. The daily average of about 48,000 hospital admissions is flat from two weeks ago, while the 1,100 fatalities per day has dipped by 1 percent. <https://thehill.com/policy/healthcare/582438-covid-19-cases-rise-with-thanksgiving-gatherings-on-the-way>
- As many prepare to travel ahead of Thanksgiving gatherings, developers and sellers of rapid at-home COVID-19 tests are prepared to meet an expected spike in demand, [Axios' Ivana Saric writes](#). Experts predict the holiday season, as well as new vaccine mandates for [federal contractors](#) and [certain employees](#), will lead to a spike in demand that stresses the supply chain, the [Washington Post](#) reported.
- Abbott, which produces the [BinaxNow rapid test](#), has scaled up to produce more than 50 million tests per month, "widely available" through the holidays. Quidel has a "more than adequate" supply of rapid tests and is set to produce 50 million of its QuickVue rapid tests monthly by yearend. Cue Health, which [just debuted](#) the consumer version of its rapid test, and "[Ellume](#)" are prepared to meet demand. Representatives from CVS and Walmart maintained that their inventories of over-the-counter rapid tests for COVID-19 are sufficient to meet the rising holiday demand. [Go deeper](#).

FROM NEW YORK

- A coalition of 25 consumer and good government groups is urging Gov. Hochul to rescind her nomination of Adrienne Harris to be the new Superintendent of the Department of Financial Services. If confirmed by the New York State Senate, Harris would succeed Linda Lacewell. <https://nystateofpolitics.com/state-of-politics/new-york/politics/2021/11/19/hochul-s-dfs-nominee-prompts-anger-among-consumer--good-government-groups>
- Covid-19 hospitalizations [are rising in New York State](#). New York is continuing to see an increase in COVID-19 cases and hospitalizations in November as the holiday season approaches, according to the latest state data released Saturday. Nearly 6,100 people a day are now testing positive for COVID-19 in New York — up 22% from roughly 5,000 for the seven days through Nov. 11. That's the highest seven-day average since mid-April.

- The disparity between COVID-19 spread in rural upstate and in New York City [continues to widen](#). 12 counties on Saturday reported seven-day averages of positive tests greater than 10%, while most of New York City's boroughs continue to see positive test rates under 2%, according to data posted by the state. <https://webcache.googleusercontent.com/search?q=cache:RRyKjRnSMoQJ:https://www.timesunion.com/news/article/COVID-19-in-upstate-New-York-continues-to-climb-16639439.php+&cd=1&hl=en&ct=clnk&gl=us>
- [New York Magazine has an expansive profile](#) of Gov. Kathy Hochul, looking at where she's from and how her ideological flexibility could help or hurt heading into 2022.
- [Elected officials are making a push](#) for having Hochul set a timeline for lifting mask rules in schools.
- NYS Attorney General and Democratic gubernatorial candidate Tish James unveiled a multi-point plan for how she would address the COVID-19 pandemic, pledging to use the state's buying power for more home testing kits, expanding outreach outside major cities, and offering \$200 to vaccine holdouts to get their shots, while blaming state government for the current rise in COVID cases in parts of the state. [Read More](#)
- The NYS Assembly's investigation into former Gov. Cuomo's conduct in office reportedly concluded the Democrat's administration misrepresented how many nursing home residents died of COVID-19. <https://apnews.com/article/coronavirus-pandemic-health-new-york-andrew-cuomo-judiciary-003fe0fc3003527279f752b494676ca7>
- Gov. Hochul is [leading her newly-declared foes](#) in next year's gubernatorial primary, a new poll [poll from Data for Progress](#) -- Hochul had 39%, followed by 24% for NYS Attorney General James and 9% for NYC Public Advocate Williams. The poll also includes Rep. Tom Suozzi and Mayor Bill de Blasio, who haven't yet entered the race; de Blasio was in last place. If former Gov. Cuomo tries to mount a comeback run for governor, the top three finishers were Hochul at 36%, James at 22% and Cuomo at 15%.
- Associates of [gubernatorial hopeful state Attorney General Letitia James](#) have begun vetting potential choices for her Lt. Gov. running mate for 2022. Democratic Suffolk County Executive Steve Bellone is reportedly leading the pack. <https://nypost.com/2021/11/21/letitia-james-vetting-potential-running-mates-eyes-suffolk-exec/>
- NYC Mayor-Elect Adams wants Rep. Suozzin to serve as Deputy Mayor in his new administration. <https://nypost.com/2021/11/20/eric-adams-says-he-wants-rep-tom-suozzi-as-deputy-mayor/>
- A profile in "New York Magazine" notes Gov. Hochul has seven months: "To govern. To campaign. And to tell New Yorkers what, if anything, she believes in." <https://nymag.com/intelligencer/article/kathy-hochul-new-york-governor.html>

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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)**