

## House Financial Services Committee Markup Summary

May 16, 2024

Today, the House Financial Services Committee held a [markup](#) and advanced the following 11 bills.

### H.R. 758, the "Promoting Access to Capital in Underbanked Communities Act" – Introduced by Rep. Andy Barr (KY)

- **This bill was reported favorably to the House by a vote of 24 yeas and 22 nays.**
- This bill would provide for a 3-year phase-in period for de novo financial institutions to meet federal capital requirements; lower the Community Bank Leverage Ratio (CBLR) for rural community banks to 8.0 percent from 9.0 percent during the first three years of operations; and require the federal banking agencies to promulgate rules setting the CBLR lower for the first two years of operations to allow for a phase-in period. In addition, the bill removes some restrictions to allow federal savings associations to deal in agricultural loans and requires the federal banking agencies to conduct a joint study on trends in de novo financial institutions.
- An [amendment in the nature of a substitute](#), offered by Mr. Barr was **approved with a voice vote**.
- Democrats raised concerns that this bill would create undercapitalized small banks. Republicans, notably Rep. Barr (R-KY), explained that the bill would not leave them undercapitalized and risky, but leave them with an on ramp, explaining that it makes no sense for new banks have to have the same capital requirements as banks that have been around for years. Rep. Garcia was concerned about large banks creating subsidiaries. Throughout the conversation, Ranking Member Waters (D-CA) expressed her frustration that there is not enough support for minority and female-run banks.

### H.R. 3161, the "CDFI Fund Transparency Act" – Introduced by Rep. John Rose (R-TN)

- **The bill was reported favorably to the House by voice vote.**
- This bill would amend the Riegle Community Development and Regulatory Improvement Act of 1994 to require the Director of the Community Development Financial Institutions (CDFI) Fund to testify on an annual basis before the Financial Services Committee of the House of Representatives and the Banking, Housing, and Urban Affairs Committee of the Senate.
- An [amendment in the nature of a substitute](#), offered by Mr. Rose, was **approved with a voice vote**.
- **Amendment at the Desk - Valasquez (D-NY)** – Will require reporting on how the Treasury Department and CDFI fund are supporting the work of CDFIs and their participation with SSBCIs. This was **adopted by voice vote**.
- **Amendment at the Desk – Beatty (D-OH)** – Will require the Secretary of Treasury must include in their CDFI testimony on steps taken by Treasury and the fund to support CDFIs including those that are MDIs. The amendment is based on [H.R.7483, the Expanding Opportunity for MDIs Act](#), which would establish a Financial Agent Mentor-Protégé Program within the Department of the Treasury. This was **adopted by voice vote**.

- **Amendment at the Desk – Waters (D-CA)** – Will require in the Secretary of the Treasury’s testimony to cover what steps Treasury and the CDFI fund are taking to strengthen CDFIs including: Treasury’s work to promote and preserve MDIs; updates on CDFIs and MDIs that received \$12 billion in capital, investments, and grants authorized in 2020 have used these funds; how Treasury is addressing technology challenges facing CDFIs and MDIs; and how Treasury is incentivizing CDFIs are providing startup capital for young entrepreneurs. This amendment is based on H.R.7978 from the 117<sup>th</sup> Congress, the [Promoting and Advancing Communities of Color Through Inclusive Lending Act](#). This was **adopted by voice vote**.
- Ranking Member Waters discussed her frustration that Republicans have failed to vote on any other CDFI legislation and that committee Republicans have failed to hold hearings on CDFIs.

**[H.R. 8337](#), the "Bank Resilience and Regulatory Improvement Act" – Introduced by Rep. Andy Barr (R-KY)**

- **This bill was reported favorably to the House by a vote of 24 yeas and 22 nays.**
- This bill is a compilation of six previously introduced bills:
  - H.R. 6398, the Financial Institution Regulatory Tailoring Enhancement Act
  - H.R. 7403, the Bank Failure Prevention Act
  - H.R. 8287, the Stress Testing Accountability and Transparency Act
  - H.R. 8264, the Bank Supervision Appeals Improvement Act
  - H.R. 8288, the Bringing the Discount Window into the 21st Century Act
  - H.R. 4346, the Small Bank Holding Company Relief Act
- An [amendment in the nature of a substitute](#), offered by Mr. Barr **was adopted by voice vote**.
- **Amendment at the Desk – Waters (D-CA)** – Will be a substitute amendment that includes text from various democratic legislation, including provisions that would: prevent large banks from buying smaller banks; ensure large banks are penalized if they are missing a CFO; shield community banks from large banks; increase capital requirements on banks that have large unrealized losses on their books; require regulators to create a supervisory escalation strategic plan; require bank regulators to hold public hearings on large bank mergers; and extend the CARES Act provision to provide credit unions access to emergency liquidity through NCUA’s central liquidity fund. **The amendment was not adopted by a vote of 22 yeas and 24 nays.**
- **Amendment at the Desk – Foster (D-IL)** – Will leave Title 5 and Section 4 of the bill in place, which would require regular GAO reviews of the effectiveness of stress testing and require regulators to review operations of the discount window and develop a strategic plan that would make improvements, but would strike the rest of the bill. The amendment was **not adopted by voice vote**.
- Ranking Member Waters expressed her opposition to the underlying bill, stating that the bill would raise far too many exemption thresholds, claiming that the bill would be anticompetitive that will make big banks bigger, and saying that the bill would promote mergers that may lead to banking deserts.

### **H.R. 8338, the "Clarity in Lending Act" – Introduced by Rep. Young Kim (R-CA)**

- **This bill was reported favorably to the House by a vote of 27 yeas and 22 nays.**
- This bill is a compilation of four previously introduced bills:
  - H.R. 8356, a bill to amend the Truth in Lending Act to allow covered entities to offer small-dollar credit products, and for other purposes
  - H.R. 6789, the Rectifying UDAAP Act
  - H.R. 1806, the Small LENDER Act
  - H.R. 1810, the Bank Loan Privacy Act
- An **amendment in the nature of a substitute**, offered by Mrs. Kim **was adopted by voice vote.**
- **Amendment at the Desk – Garcia (D-TX)** – Will include a provision to ensure that nothing in Title 2 of the bill would prevent the CFPB from enforcing unfair, deceptive, or abusive acts or practices for people seeking reproductive health care. **The amendment was not adopted by a vote of 22 yeas and 27 nays.**
- **Amendment at the Desk – Waters (D-CA)** – Will require the CFPB to conduct a study and certification within 6 months to ensure that the changes proposed in the underlying bill will not cause consumer harm or discrimination by financial institutions covered by the Act. **The amendment was not adopted by a vote of 22 yeas and 27 nays.**
- Ranking Member Waters shared her opposition to the underlying bill, stating that it would reduce transparency in the small business lending market and increase discrimination. She argued that by agencies not having information, the agencies would be unable to help small businesses.
- Rep. Williams (R-TX) shared his support for the bill since he believes it would help crack down the CFPB's power and "egregious collection and reporting of personal information of small business loan applicants."
- Rep. Flood (R-NE) urged the passage of the bill, especially given the recent Supreme Court ruling. Rep. Flood emphasized the importance in investing in a student loan infrastructure that would maximize returns to the Treasury and beat back against attempts of "illegal loan forgiveness."

### **H.R. 8339, the "SEC Reform and Restructuring Act" – Introduced by Rep. Ann Wagner (R-MO)**

- **This bill was reported favorably to the House by a vote of 27 yeas and 22 nays.**
- This bill is a compilation of six previously introduced bills:
  - H.R. 8239, the SEC Regulatory Accountability Act
  - H.R. 8241, the SEC Transparency Act
  - H.R. 8240, the SEC Cybersecurity Act
  - H.R. 7030, the REG Act of 2024
  - H.R. 8228, the Streamlining Public Company Accounting Oversight Act
  - H.R. 8226, To require the Comptroller General of the United States to carry out a study regarding major rules issued by the Securities and Exchange Commission
  - H.R. 8255, To establish a minimum public comment period with respect to proposed rules issued by the Securities and Exchange Commission
- An **amendment in the nature of a substitute**, offered by Mrs. Wagner **was adopted by voice vote.**

- **Amendment at the Desk – Garcia (D-TX)** – Will add a line to the bill, saying that it would suggest that there would be nothing in the Act to limit the authority of the SEC to restrict the ability of a registrant to provide access to reproductive health care. **The amendment was not adopted by a vote of 22 yeas and 27 nays.**
- **Amendment at the Desk – Tlaib (D-MI)** – Will exempt communications from the definition of “regulation” to allow the SEC to continue issuing investor bulletins. **The amendment was not adopted by a vote of 22 yeas and 27 nays.**
- **Amendment at the Desk – Beatty (D-OH)** – Will retain the SEC’s ability to offer commission statements or staff guidance as it relates to China, Russia, or Iran. The amendment was **not adopted by voice vote.**
- Ranking Member Waters believed this bill would decrease the SEC’s ability to police capital markets. She specifically called out Title 1, saying that that adding Administrative Procedure Act-like requirements to the issuance of informal staff guidance will slow the SEC’s ability to provide timely advice to folks on how they can comply with rules and statutes. Further she said that Title 5 would lead to politicization and lead to companies to cook their books.
- Rep. Davidson (R-OH) criticized SEC Chairman Gensler, saying that the SEC is failing to provide proper clarity for the market.
- Rep. Sherman raised his concerns with the definition of “regulation” in the underlying bill, stating that it would create issues when Gensler testifies, would force everything the Chief Accountant does has to go through the Administrative Procedure Act, or that every speech would have to go through the Administrative Procedure Act.

**H.R. 4551, the "Protecting Investors' Personally Identifiable Information Act" – Introduced by Rep. Barry Loudermilk (R-GA)**

- **This bill was reported favorably to the House by a vote of 27 yeas and 22 nays.**
- This bill would prohibit the SEC from collecting personally identifiable information (PII) through the Consolidated Audit Trail (CAT).
- An **amendment in the nature of a substitute**, offered by Mr. Loudermilk **was adopted by voice vote.**
- Ranking Member Waters stated the bill limits how the SEC monitors market volatility by gutting CAT. The Ranking Member said that the bill would prevent the CAT from using personal identifiable information, which is concerning since she believed that it is sometimes the only mechanism for surveilling market manipulation.
- Rep. Hill, Rep. Loudermilk, and Rep. Wagner shared their support for the bill, saying that the bill would prevent the SEC from surveilling American people through CAT without any evidence of wrongdoing. Rep. Hill said that the CAT database could become a massive target for hackers and could expose millions of Americans’ data.

**H.J.Res. 100, Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Securities and Exchange Commission relating to “Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure. ” – Introduced by Rep. Andrew Garbarino (R-NY)**

- **This bill was reported favorably to the House by a vote of 27 yeas and 22 nays.**
- Ranking Member Waters shared her opposition to the CRA, stating that the rule would not mandate disclosures, but says are companies are only obligated to disclose if they are determined to be material to investors. Ranking Member Waters said that the information companies normally disclose are disjointed and not always comparable. This is why she believes the SEC rule is beneficial, since it would make disclosures more useful for investors.
- Rep. Garbarino (R-NY) raised concerns that cyber security professionals are now spawning more time on regulatory compliance than on cybersecurity. He said that the SEC rule is counterproductive and cited the U.S. Chamber of Commerce’s letter from last July that they raised concerns with the impact of overreach of the SEC cybersecurity rule.

**H.R. 8302, the "HUD Evaluation and Optimization Act of 2024" – Introduced by Rep. Warren Davidson (R-OH)**

- **This bill was reported favorably to the House by a vote of 27 yeas and 22 nays.**
- This bill would establish an independent, bipartisan Commission to review the structure and programs of HUD and issue a report with recommendations regarding how to optimize each. Among other things, the Commission would be charged with considering the benefits of reorganizing the agency, reducing fragmentation and overlap between programs, increasing economic outcomes and preventing benefits cliffs, and improving HUD oversight.
- An **amendment in the nature of a substitute**, offered by Mr. Davidson **was adopted by voice vote.**
- **Amendment at the Desk – Waters (D-CA)** – Will require that the commission established under the underlying bill to study the extend to which housing costs are driving inflation and how to reduce inflation in the cost of housing. This was **adopted by voice vote.**
- Rep. Davidson discussed his support for the bill, saying that many of the HUD programs are duplicative or inaccessible, echoing former Secretary Fudge’s remarks from a prior hearing.
- Democrats were concerned that a commission would usurp the Financial Services Committee and is set up to fail since the bill provides no funding.

**H.R. 3507**, the "Yes in My Backyard (YIMBY) Act" – Introduced by Rep. Derek Kilmer (D-WA)

- **This bill was reported favorably to the House by a vote of 48 yeas and 0 nays.**
- This bill would require communities that receive Community Development Block Grant (CDBG) program grants to submit, as part of their five-year development plan, a report that tracks any discriminatory land use policies and other barriers to constructing affordable housing.
- An **amendment in the nature of a substitute**, offered by Mr. Flood **was adopted by voice vote.**
- **Amendment at the Desk – Pressley (D-MA)** – Will require localities to include information about how their policies would increase supply and would advance fair, affordable, and integrated housing for all. **The amendment was not adopted by a vote of 21 yeas and 27 nays.**
- Members of both parties expressed their support for the bill including Rep. Davidson, Rep. Nickel (D-NC), and Ranking Member Waters.
- Rep. Pressley said that the bill would collect data but would not consider how local policies and increased supply would expand access to fair, affordable, and integrated housing.
- Rep. Flood mentioned that the bill had passed back in 2020 in markup easily.

**H.R. 7480**, the "Disabled Veterans Housing Support Act" – Introduced by Rep. Monica De La Cruz (R-TX)

- **This bill was reported favorably to the House by a vote of 37 yeas and 12 nays.**
- This bill would require the Department of Housing and Urban Development (HUD) to exclude all service-connected disability compensation from CDBG's income eligibility calculations. This will ensure that low-income disabled veterans are not unfairly penalized in accessing CDBG programs and services.
- An **amendment in the nature of a substitute**, offered by Ms. De La Cruz **was adopted by voice vote.**
- **Amendment at the Desk – Garcia (D-TX)** – Will call for more information before stretching out CDBG to higher income households while thinning out programs dedicated to the poor. **The amendment was not adopted by a vote of 22 yeas and 27 nays.**
- Ranking Member Waters and Rep. Garcia expressed her concern with the bill taking funds from CDBG and repurposing it and that veterans will be losing benefits since disability pay varies; however, Chairman McHenry (R-NC) clarified that the bill would fix a formula at HUD regarding veteran qualifications for housing funded via CDBG. The Chairman further clarified that the bill would give HUD flexibility and localities flexibility.
- Rep. Davidson and Ranking Member Waters sparred over if low-income veterans that receive benefits would drain money from the CDBG program. The Ranking Member believed that Rep. Davidson was saying that not all veterans are getting low income benefits and are being denied from CDBG. She refuted his statement, saying that people who are low income are eligible for the same thing across the board and that so-called low income veterans (when not counting the additional benefits they get from the government) are already included in a variety of other programs.

- Rep. Sherman discussed that the best picture that Congress can present is the low-income service-disabled veteran to encourage future Congresses to provide more money for the CDBG program and encourage localities to invest in affordable housing.

**H.R. 8340, the "Housing Unhoused Disabled Veterans Act" – Introduced by Rep. Brad Sherman (D-CA)**

- **This bill was reported favorably to the House by a vote of 49 yeas and 0 nays.**
- This bill would amend how income is calculated when determining eligible households and programs under the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program, excluding disability benefits received by a veteran under Chapter 11 or Chapter 15 of Title 38 of the United States Code.
- An **amendment in the nature of a substitute**, offered by Mr. Sherman **was adopted by voice vote**.
- Rep. Sherman pointed out the bill was supported by numerous veterans associations. Rep. De La Cruz and Ranking Member Waters shared their support for the bill.