

VIRGINIA BANKERS ASSOCIATION

VBA COMMITTEES

Agenda

VBA Government Relations Committee
Wednesday March 13, 2024 10:30am
VBA Office

Mission Statement:

To protect and defend the interests of Virginia's banking industry through active support of the VBA's political and legislative efforts.

- I. Welcome
- II. January Minutes
- III. Federal Legislative Update
 - Policy Update
 - Washington Summit Preview
- IV. State Legislative & Advocacy Update
 - 2024 General Assembly Session Review
 - 2024 Banker Day Review
- V. BankPAC
 - Current Financials
 - 2024 BankPAC Campaign
 - [Resource Portal](#) Review
 - Outreach
 - Contribution Requests
- VI. Grassroots Advocacy Events
 - Fall State Legislative Meeting Scheduling
- VII. Open Forum
- VIII. Adjourn

**Minutes of the
Virginia Bankers Association
Government Relations Committee
Wednesday January 10, 2024 at 3:00 p.m.
Richmond Downtown Marriott**

Committee Participants:

Robert Wood, Jimmy Burke, Will Clements, Bobby Cowgill, Trent Dudley, Blake Edwards, Karen Frye, Patricia Gallagher, Leton Harding, Laurie Hart, Goley Hervey, Brandon Lorey, Gary Shook, Rob Shuford, Matthew Steilberg.

VBA Staff & Guests:

Matt Bruning, DeMarion Johnston, Henry Watkins, and Bruce Whitehurst. VBA Chairman Litz Van Dyke with Carter Bank & Trust, Andy Treharne with Capital One attended as guests.

Welcome & Minutes

Chair Woods called the meeting to order and welcomed everyone, recognizing VBA Chairman Litz Van Dyke for attending. The Committee members introduce themselves and Chairman Wood reminded members to review the committee handbook on the portal. On the motion of Mr. Lorey, seconded by Mr. Clements, the minutes from the September meeting were approved as presented.

State Legislative & Advocacy Update

Mr. Bruning and Mr. Henry Watkins provided an overview of the expectations of the 2024 Virginia General Assembly as it opens today. They reviewed the legislative priorities, including opposing credit union expansion of powers and proactive efforts on preventing elder financial abuse and adding efficiency to the trust termination process. They also discussed recent efforts to engage with and educate the many new legislators recently elected, including a recent webinar with new members covering key industry facts and policy priorities.

Chairman Wood noted the strong attendance for tomorrow's Banker Day and appreciation that Governor Youngkin will make keynote remarks. Mr. Bruning covered logistics for Banker Day, requested that the VBA be made aware of scheduled meetings with legislators, and the importance of the event.

Federal Legislative & Regulatory Update

Mr. Bruning provided an overview of the current action in Washington including interchange legislation, and regulatory efforts on capital requirements and CRA. He noted that the previously rescheduled meeting requested by CFPB Director Chopra has been postponed again.

Chairman Wood reminded the Committee that the VBA/ABA Washington Summit will be March 18-20 and registration is open. He noted congressional visits will be that Tuesday afternoon and the Emerging Leaders and Women & Allies Forums will take place on Monday morning.

BankPAC

The financials as of November 30, 2023 were presented. Chairman Wood noted the strong contribution totals received and that total contributions to candidates were above last year with the competitive state elections in November, He noted this lead to a slight net deficit, but also pointed members to the substantial reserves of BankPAC. On the motion of Mr. Harding, seconded by Mr. Edwards, the financials were accepted as presented.

Chairman Wood thanked the Committee for their support of the 2023 BankPAC campaign that resulted in raising over \$460,000. He noted the 2024 campaign will begin in early March and discussed the process for establishing this year's campaign goal. Balancing the desire to continue the momentum of previous campaigns with the unknown impacts of economic conditions and potential mergers, Chairman Wood recommended maintaining the \$425,000 level for the 2024 BankPAC official goal and increasing to \$450,000 for the internal stretch goal. The Committee discussed the recommendation and BankPAC's position relative to other state bankers associations and the Virginia Credit Union League. On the motion of Mr. Steilberg, seconded by Mr. Shuford, the goal levels were approved as recommended by the Chair.

Chairman Wood pointed the Committee to the spreadsheet of 2023 campaign results by institution in the members' material. He noted staff is updating worksheets for each bank with past contribution history and peer data to provide at kick-off. Material on the BankPAC portal is also being updated. He thanked those who had already completed the solicitation authorization form and encouraged those who have not to do so. There will be opportunities for individual banks' grassroots coordinators to engage at the beginning and throughout the campaign as well as for Committee members to conduct outreach to peers.

Mr. Bruning explained the proposed 2024 guidelines for contributions to state legislative candidates. Chairman Wood noted the flexibility provided to staff to make adjustments within a reasonable amount as circumstance warrant. Mr. Bruning noted the only change from the previous year is a slight increase in the House Minority Leader guideline due to the close political margin in the House. On the motion of MR. Cowgill, seconded by Ms. Gallagher, the guidelines were adopted as presented.

Other Business

Chairman Wood reminded the Committee that the pre-Banker Day reception begins at 5:00 in the salon ballrooms. The next meeting of the Committee will be March 13th. There being no further business, the Committee adjourned.

Minutes prepared by:
Matt Bruning

ABA Legislative Priorities – 2024 Washington Summit

CFPB Small Business Loan Application Data Collection Rule (Section 1071)

The CFPB's final rule, which would require lenders to collect and report 81 new data fields about lending to women-owned, minority-owned and small businesses, will increase the cost of small business lending and could reduce access to credit.

- ❖ Cosponsor the Small LENDER Act (S. 1159/H.R. 1806), which would exempt lenders originating fewer than 500 small business loans in each of the preceding two calendar years and limit the rule's application to small businesses with gross annual revenues of under \$1 million.
- ❖ Cosponsor the Bank Loan Privacy Act (H.R. 1810), which would require the CFPB to engage in a rulemaking to determine which small business financial data can be made public.

Federal Regulation of Stablecoin Issuers

Stablecoins are a form of digital currency that seek to maintain a 1-to-1 peg with a reference asset. Stablecoins mimic commercial bank money with potential use as a means of payment and as a deposit substitute, which could restrict credit availability.

- ❖ Apply the same level of federal oversight to stablecoin issuers as is currently applied to banks in order to limit the risk of charter arbitrage and ensure equivalent consumer protection across all financial service providers.
- ❖ Stablecoin legislation should include a primary federal regulator for stablecoin issuers, prohibit a non-financial commercial company from owning or controlling a payment stablecoin issuer, and mandate exams and audits to enhance accountability.

Access to Credit for our Rural Economy (ACRE) Act

ACRE (S. 2371/H.R. 3139) is bipartisan, bicameral legislation that would lower interest rates for farmers, ranchers, and rural homeowners by providing a tax exemption for interest earned on bank loans secured by farm real estate, aquaculture facilities, and home mortgage loans in communities of no more than 2,500.

- ❖ Cosponsor ACRE and help deliver approximately \$1.15 billion worth of annual interest expense savings to farmers and ranchers in more than 17,000 rural communities across the country.

Credit Card Routing Mandates

The Credit Card Competition Act (S. 1838/H.R. 3881) would expand government routing mandates to the credit card market, reducing the security of credit card transactions, limiting community bank card offerings, and eliminating important consumer benefits like credit card rewards programs.

- ❖ Oppose the so-called Credit Card Competition Act (CCCA) and prevent a massive wealth transfer from small community financial institutions and their customers to the Big Box Retailers.

Credit Union Oversight

Credit unions receive government subsidies to provide basic consumer banking products to underserved groups and communities, but this \$2 trillion dollar industry has no community benefit reporting requirements and receives minimal congressional oversight.

- ❖ Formally request a hearing on the community benefit of the credit union tax exemption in the House Ways and Means and Senate Finance Committees. It has been nearly 20 years since Congress conducted oversight on this \$34 billion taxpayer subsidy.

Cannabis Banking

Thirty-eight states have legalized cannabis for medical or recreational purposes, but federal law exposes banks to potential civil and criminal penalties, as well as regulatory sanctions for serving cannabis businesses. The SAFER/SAFE Banking Act (S. 2860/H.R. 2891) is commonsense bipartisan legislation that would enable banks to serve state-licensed cannabis businesses, their employees, and service providers in states where cannabis is legal.

- ❖ Support the SAFER/SAFE Banking Act, which will get state-sanctioned cannabis cash off the street and into regulated financial institutions, making our communities safer and the cannabis industry more transparent to regulators, tax authorities and law enforcement.

Tax Credits

Banks of all sizes utilize tax credits to stimulate economic growth and drive private investment in economically distressed rural, urban, and tribal communities. These tax credits further leverage public-private partnerships to stimulate additional private sector investment and support revitalization and long-term economic growth in distressed communities.

- ❖ Support the Main Street Tax Certainty Act (S. 1706/ H.R. 4721), the New Market Tax Credit Extension Act (S. 234/H.R. 2539), the Neighborhood Homes Investment Act (S. 657/H.R. 3940), and the Affordable Housing Credit Improvement Act (S. 1557/H.R. 3238).

Tax Policy

Cohesive tax policy is a critical component of supporting economic growth and American competitiveness —particularly regarding the four minimum tax regimes: the Global Intangible Low-Taxed Income (GILTI), the Base-Erosion and Anti-Abuse Tax (BEAT), the Corporate Alternative Minimum Tax (CAMT), and the OECD’s Pillar 2 project.

- ❖ Ensure minimum tax regimes are consistent, cohesive, and workable.

Trigger Leads

Credit bureaus can sell the personal contact information of consumers who are shopping for a loan, which can generate hundreds of unwanted solicitations from other lenders.

- ❖ Support the Homebuyers’ Privacy Protection Act (S.3502) and the Protecting Consumers from Abusive Mortgage Leads Act (H.R. 4198), which would amend the Fair Credit Reporting Act (FCRA) to prohibit credit reporting agencies from selling consumer information in certain circumstances.

Cumulative Impact of Bank Regulation on the Economy

The tsunami of recent banking regulations will have significant real-world consequences on the stability of the financial system, the ability to foster economic growth in underserved communities, and the cost and availability of financial products and services for consumers and businesses.

- ❖ Conduct robust oversight of bank regulatory proposals that increase capital, cut fee income, and layer on thousands of pages of new regulatory requirements without adequate analysis of the cumulative impact on bank customers and community banks.

February 28, 2024

The Honorable Jason Smith
Chairman
House Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Ron Wyden
Chairman
Senate Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Senate Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Chairmen Smith and Wyden and Ranking Members Neal and Crapo:

On behalf of the American Bankers Association and the 52 state bankers associations, we write to express our strong support for a hearing to help determine whether the credit union industry's tax exemption is justified by the community benefit it produces.

Credit unions were designed to provide basic consumer financial services to those in need. That mission of service – and their structure as not-for-profit cooperatives – explained their tax status and limited their activities, which have become increasingly complex since Congress last examined their tax exemption almost 20 years ago.

Seemingly at odds with their mission and structure, today's credit unions acquire banks, issue subordinated debt, and offer nationwide membership.

The National Credit Union Administration (NCUA) has acknowledged these shifts within the industry it oversees. NCUA Chairman Todd Harper recently asserted, "the credit union system is rapidly changing" and becoming "more dynamic, complex, and larger with 426 credit unions holding \$1 billion or more in assets, which includes 22 credit unions with more than \$10 billion in assets."¹

Federal Reserve Board Governor Michelle Bowman has observed these changes too, commenting on bank acquisitions, membership expansion, and upticks in business lending.

¹ <https://ncua.gov/newsroom/speech/2023/ncua-chairman-todd-m-harper-remarks-defense-credit-union-council-annual-conference>

Within the banking ecosystem, “credit unions today are much more likely to compete directly with traditional banks offering the full ‘cluster’ of banking products and services,”² said Bowman.

Credit union growth, while theoretically positive for the communities credit unions serve, is only beneficial if it is accompanied by congressional oversight and careful regulatory supervision that accounts for the potential consequences of that growth on the credit union model. As Chairman Harper recently noted, “There is this myth within the credit union system that because credit unions are owned by their members, they’re always going to do right by their members...the people who manage the credit union, their interest doesn’t always align with that of the members.”³ As credit unions continue to grow, Congress has a responsibility to ensure that disclosure and transparency requirements keep pace and provide adequate documentation of responsible stewardship of taxpayer funds.

We welcome competition and recognize that it benefits American households. We also believe that American taxpayers deserve accountability and that financial institutions awarded special tax and regulatory treatment should live up to their stated missions. Accordingly, these significant recent developments within the credit union industry deserve congressional review, particularly given the limited amount of publicly available data regarding credit union activities as compared to other tax-exempt entities, which, unlike federal credit unions, file IRS Form 990.

Indeed, consumers have indicated their support for a hearing, as evidenced by a recent poll which found “a wide majority of respondents (62%) said that Congress should examine whether credit unions are providing enough community benefit to warrant their existing tax exemption.”⁴

Moving forward, the impact of rapidly evolving regulatory regimes and emerging technologies will necessitate more regular oversight of tax-exempt credit unions.

Hearings once every 20 years are not enough for the 140 million consumers who use credit unions, nor the taxpayers who subsidize their services.

We respectfully request that the House Committee on Ways and Means and Senate Committee on Finance fulfill its mission as it relates to oversight of tax-exempt entities and promptly schedule a hearing on America’s credit unions.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
DC Bankers Association
Delaware Bankers Association

Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association

² <https://www.federalreserve.gov/newsevents/speech/bowman20220928a.htm>

³ <https://www.brookings.edu/events/a-conversation-with-national-credit-union-administration-chairman-todd-harper/>

⁴ <https://www.aba.com/about-us/press-room/press-releases/credit-union-consumer-survey>

Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

Virginia BankPAC
For the Period Ending January 31, 2024

	Federal Election Fund	1/31/2024 State Election Fund	Total	Federal Election Fund	12/31/2023 State Election Fund	Total
Receipts						
Contributions from participants	\$ 1,843	\$ 1,828	\$ 3,671	\$ 223,163	\$ 237,516	\$ 460,679
Interest income	702	-	702	2,557	1	2,558
Total Receipts	2,545	1,828	4,373	225,720	237,517	463,237
Disbursements						
Contributions to Candidates	-	36,000	36,000	-	332,071	332,071
Contributions to PACs	-	-	-	110,000	-	110,000
Contributions - Other	-	-	-	10,000	-	10,000
Compliance Services	-	7,000	7,000	-	2,333	2,333
Promotional items/in-kind contributions	-	812	812	-	3,227	3,227
Travel, entertainment & meeting expenses	-	38	38	-	7,792	7,792
Industry Sponsorships	-	2,500	2,500	-	2,500	2,500
Office supplies & printing	-	2,582	2,582	-	1,267	1,267
Audit & tax fees	-	-	-	-	10,500	10,500
Miscellaneous expenses	19	1	20	2,328	455	2,783
Tax Expense	-	-	-	-	68	68
Total Disbursements	19	48,933	48,952	122,328	360,213	482,541
Excess (deficiency) of receipts over disbursements	2,526	(47,105)	(44,579)	103,392	(122,696)	(19,304)
Transfers between State and Federal	(30,000)	30,000	-	(110,000)	110,000	-
Cash and cash equivalents Beginning of year	395,266	26,685	421,951	401,874	39,381	441,255
Cash and cash equivalents-end of period	\$ 367,792	\$ 9,580	\$ 377,372	\$ 395,266	\$ 26,685	\$ 421,951



What is Virginia BankPAC?

Public policy is determined through the political process. BankPAC, the Virginia Bankers Association Political Action Committee, is your voice in that process.

Few industries are as heavily regulated as the banking industry – **elected officials and their appointees have an outsized impact on how well banks operate and the ability of bankers to do their jobs effectively.**

BankPAC provides financial support to candidates who support a thriving, efficiently regulated banking industry.

How Does BankPAC Operate?

1. Virginia BankPAC solicits personal contributions from the employees and directors of member banks of the Virginia Bankers Association.
2. All contributions to Virginia BankPAC can be made in the form of a personal check, credit card payment, or payroll deduction (check with your Grassroots Coordinator to determine if this is available).
3. Bankers complete the attached support form and submit it to your bank's Grassroots Coordinator. Note that contributions to Virginia BankPAC are not tax deductible as a charitable contribution.
4. The VBA Government Relations Committee selects candidates to support based on their understanding of our industry, Virginia's banking climate and recommendations from constituent bankers.

Your Impact

Over 1,000 Virginia Bankers contribute to BankPAC every year --- many making small and recurring contributions that together allowed BankPAC to contribute over \$430,000 to pro-banker candidates at the state and federal level this year.

Bankers' generous support continues to make the VBA one of the most influential trade associations at the State Capitol and within the American Bankers Association.

Suggested Contributions

VBA BankPAC welcomes contributions of any amount. The following are guidelines to consider in determining your financial support.

Income	Suggested Giving
\$50,000-\$75,000	\$150
\$75,000-\$100,000	\$350
\$100,000-\$150,000	\$750
\$150,000-\$200,000	\$1,500
\$200,000+	\$2,500

Should you have any questions, please talk with your banks Grassroots Coordinator or contact Matt Bruning with the VBA at mbruning@vabankers.org



VIRGINIA BANKPAC:

The Voice of Your Industry

2024 Contribution Form

Name: _____

E-Mail: _____

Work Address: _____

City: _____ State: _____ Zip: _____

Contribution Amount: \$ _____

For our records only, please provide us with the name of your employer:

Your options for contributing are:

- Personal Check Payable to 'VBA BankPAC' (Please attach)
- Credit/Debit Card (Visa, MC, AMEX or Discover)

Name on Card: _____

Card Number: _____ Card Type: _____

Expiration Date: _____ Security Code (CCV/CID): _____

- **Payroll Deduction (Please check with your grassroots coordinator to see if this option is available at your organization.)**

I authorize my payroll department to withhold a total amount of \$_____ to be spread over the pay periods in the above calendar year.

Signature

Date

PLEASE RETURN THIS FORM TO YOUR BANK'S GRASSROOTS COORDINATOR.

The amount contributed, or the refusal to give, will not benefit or disadvantage any person. Contributions to Virginia BankPAC are not tax deductible as a charitable contribution. To comply with federal and state law, we must use best efforts to obtain, maintain and submit the name, mailing address, occupation and name of employer of individual contributors. Contributions from foreign nationals are prohibited.

VIRGINIA BANKERS ASSOCIATION | POLITICAL ACTION COMMITTEE
4490 COX ROAD | GLEN ALLEN, VA 23060

PLEASE CONTACT MATT BRUNING WITH QUESTIONS AT MBRUNING@VABANKERS.ORG.



VIRGINIA BANKPAC:

The Voice of Your Industry

2024 BankPAC CORPORATE CONTRIBUTION

Corporation Name: _____

Mailing Address: _____

City, State & Zip: _____

Name of person submitting check: _____

Phone Number and/or Email: _____

Contribution Amount: \$ _____

Contributions will be reported to the Commonwealth of Virginia State Board of Elections.

Note to National Banks and Federal Savings Institutions:

National banks and federal savings institutions may not make political contributions in connection with any election and thus may not make a corporate contribution to VBA BankPAC. However, a holding company or other affiliate of a national bank or federal savings institution may contribute to VBA BankPAC as long as the contribution is made from funds other than those resulting from the operation of the national bank or federal savings institution. Please contact Henry Watkins at hwatkins@vabankers.org if you have any questions.

THANK YOU FOR SUPPORTING BANKPAC!

Please return check and form to Henry Watkins at the address below

VIRGINIA BANKERS ASSOCIATION
POLITICAL ACTION COMMITTEE
4490 COX ROAD, GLEN ALLEN, VA 23060

2023-2024 Government Relations Summary



ADVOCACY DAYS

190

**BANKERS ATTENDED 6
STATE LEGISLATIVE
MEETINGS ACROSS
VIRGINIA**

192

**BANKERS ATTENDED
2024 BANKER DAY AT
THE STATE CAPITOL**



GRASSROOTS ADVOCACY

760

**BANKERS SENT
MESSAGES TO
THEIR ELECTED
REPRESENTATIVES
ON VBA PRIORITIES**

3,099

**MESSAGES SENT TO
ELECTED OFFICIALS**



BANKPAC RESULTS

\$422,000

**CONTRIBUTED TO
VIRGINIA
LEGISLATORS
AND CANDIDATES**

135

**GENERAL ASSEMBLY
MEMBERS RECEIVED
SUPPORT FROM
BANKPAC**

2023-2024 Government Relations Summary

Legislative Results

Standing Strong Against Harmful Legislation

The VBA successfully fought against legislation harmful to our industry, including bills that would have:

- Allowed credit unions to hold state and local tax dollars in the form of public deposits to the detriment of community banks and Virginia's taxpayers.
- Allowed for residential property assessed clean energy loans -- often predatory loans which would be senior to mortgages and other liens and make it impossible to insure mortgages on the secondary market.
- Added more restrictions to credit card interchange rules, jeopardizing the offering of reward programs while only benefiting big box retailers.

Recent Pro-Banking Legislative Successes

The VBA was successful in securing passage of pro-banking legislation, including bills that:

- Provide bankers with additional tools to proactively stop elder financial exploitation.
- Fund implementation of the electronic filing of the Bank Franchise Tax.
- Modernize the process for distributing and dissolving trusts.
- Support community development financial institutions' (CDFIs) ability to partner with banks to provide credit for small businesses and affordable housing development.