

## Federal Priority Issues Update

October 2022

### *Pressing Issues*

#### **Interchange**

As of the last few months, the GoWest Advocates force has been doing amazing work, battling misguided changes to the Interchange system. As you know, U.S. Senators Dick Durbin (D-IL) and Roger Marshall (R-KS) introduced [S. 4674](#), “The Credit Card Competition Act of 2022 (CCCA),” earlier in the Summer. The legislation is designed to extend the original Durbin Amendment provisions to apply to credit cards. Supporters claim the bill would increase competition in the payment space, but it would in fact be a huge windfall for the mega-retailers at the expense of the security of the payments ecosystem and the financial health of everyday consumers.

#### *Update*

In September, Representatives Peter Welch (D-VT) and Lance Gooden (R-TX) were convinced to introduce a House companion version of the bill, [H.R. 8874](#). Since introduction, neither the Senate or House sponsors have gained traction in terms of co-sponsorships or other additional support (besides that from the mega-retail lobby), so Senators Durbin and Marshall have attempted to circumvent normal order and the committee process by tethering the bill and another ominous amendment to the National Defense Authorization Act (NDAA).

GoWest issued its third round of calls-to-action against the legislation, encouraging its members to tell their federal elected officials why the legislation itself is so misguided, and why the NDAA – designed to ensure our troops have the funding and resources to protect the nation – should not become a pawn on Durbin and Marshall’s attempt to move around the committee process and normal order. Formatted letters for [all credit unions](#) and specifically for [defense credit unions](#), were posted to GoWest’s Grassroots Advocacy Center. Hundreds of GoWest member advocates have stepped up to use these resources. Additionally, GoWest President and CEO, Troy Stang, penned a letter to all [12 Senators](#) of our delegation as well as the seven members of the [House Armed Services Committee](#), sharing our concerns about Durbin’s misguided efforts to overhaul the Interchange system.

We are pleased to announce that our GoWest voices were heard, and the attempt to add the Durbin-Marshall amendments to the Senate version of the NDAA were defeated when the managers of the legislation did not accept additions to the legislation; however, we cannot let up our opposition. The Senate will vote on the final version of the NDAA later this month, and then it will go through the conference process in the House, and we can’t let the sponsors of this legislation try another back door attempt to pass it.

## National Defense Authorization Act (NDAA)

The NDAA legislation is one of the very few pieces of legislation that must pass Congress before the end of the year in order to ensure defense readiness and support defense initiatives continue to be funded. Both the House and the Senate have passed legislative measures reauthorizing defense spending, with different programs and a differential in spending amounts. The bill now heads to a conference committee to work out differences. Included in the conference report is the request to complete a study on financial institutions on U.S. Military bases. We are monitoring the language to ensure there is no reinstated effort to provide free or reduced rent to bank branches on military bases.

The House-passed version of the NDAA legislation, mainly authored and sponsored by House Armed Services Chairman **Adam Smith (D-WA-9)**, includes several credit union-related measures, including the SAFE Banking Act and a permanent expansion of the NCUA's expanded access to the Federal Reserve's Central Liquidity Fund that was expanded during the pandemic.

The Senate version of the NDAA had approximately 900 amendments filed to be included in the legislation, including Durbin's CCCA; however, only 75 amendments were included in the final manager's amendment. Currently, the final version of the legislation does not include SAFE Banking, the CLF updates, or any changes or studies on Interchange. The Senate will vote on their version of the NDAA before the November election, and the House and Senate will go through a conference committee to work out the final version of the legislation, before it is passed in the lame duck Session of Congress. We will keep our advocates aware of any attempts to add misguided language to the final legislation.

### *Modernizing the Federal Credit Union Act*

By removing outdated restrictions and modernizing antiquated sections of the Federal Credit Union Act, Congress can help credit unions further deliver our people-over-profit services to more consumers, small businesses, and communities.

### **H.R.6889 / S. 4325 - The Credit Union Board Modernization Act**

The Federal Credit Union Act requires that a credit union board meet once a month. This outdated requirement forces credit union boards and staff to spend time and resources organizing board meetings every month rather than focusing on member services. It can take hundreds of hours of staff time to prepare for a board meeting, and a monthly meeting requirement creates travel burdens for the Board of Directors. This is especially burdensome in rural areas, for small credit unions, and during emergencies, such as the pandemic, when credit unions should be focused on helping members. Senator **Kyrsten Sinema (D-AZ)** was the original sponsor of the Senate version of this bill, following our Spring Hike the Hill efforts.

#### *GoWest Delegation Co-Sponsors:*

Rep. Cliff Bentz (R-OR-2)

Rep. Earl Blumenauer (D-OR-3)

Rep. Suzanne Bonamici (D-OR-1)

Rep. Jason Crow (D-CO-6)

Rep. Russ Fulcher (R-ID-1)

Sen. John Barrasso (R-WY)

Rep. Jaimie Herrera-Beutler (R-WA-3)

Rep. Derek Kilmer (D-WA-4)

Rep. Doug Lamborn (R-CO-5)

Rep. Rick Larsen (D-WA-2)

Rep. Joe Neguse (D-CO-2)

Sen. Cynthia Lummis (R-WY)

### *H.R. 6889 Update*

H.R. 6889 passed the House in late September, immediately following our GWCUA Fall Hike the Hill. As a result of our Hike efforts, we were able to convince five additional members of our delegation to sign on as co-sponsors to the House version of the bill.

## **H.R. 3962 - The Securing and Enabling Commerce Using Remote and Electronic (SECURE) Notarization Act of 2021**

H.R. 3962 passed the House in late July. It would authorize the use of remote online notarization and create national standards and protections for the use of online notarization.

*GoWest Delegation Co-Sponsors:*

Rep. Tom O'Halleran (D-AZ-1)

Rep. Jason Crow (D-CO-6)

Rep. Michael K. Simpson (R-ID-2)

Rep. Suzan K. DelBene (D-WA-1)

Rep. Jaimie Herrera-Beutler (R-WA-3)

Rep. Kim Schrier (D-WA-8)

Rep. Joe Neguse (D-CO-2)

Rep. Ed Perlmutter (D-CO-7)

Rep. Earl Blumenauer (D-OR-3)

Rep. Rick Larsen (D-WA-2)

Rep. Derek Kilmer (D-WA-6)

Rep. Marilyn Strickland (D-WA-10)

## **S.762 - The Expanding Access to Lending Options Act**

Allowing credit unions to service loans with terms longer than 15 years would provide consumers more flexibility to manage the loan. First-time home buyers, students, farmers, and businesses would all benefit from this change, and several of our states have already passed this flexibility. The National Credit Union Administration's (NCUA) ability to address this through regulation is limited. The current 15-year limit is outdated and does not conform to maturities that are commonly accepted in the market today.

## **H.R.5189 - The Member Business Loan Expansion Act**

In addition to extending loan maturities, this legislation would increase the threshold that counts against the Member Business Lending Cap. This would allow credit unions to further aid local small businesses, including family farms and ranches. In the first year alone, lifting the MBL cap would inject \$5.5 billion in capital into small businesses, and create 50,000 jobs.

*GoWest Delegation Co-Sponsors:*

Rep. Suzanne Bonamici (D-OR-1)

## **H.R. 7733 - The CDFI Bond Guarantee Program Improvement Act of 2022**

The Community Development Financial Institution Bond Guarantee program legislation would reduce the minimum loan size for the program to \$25 million, down from \$100 million.

Taking this step increases economic opportunity and promotes community development investments for underserved populations and distressed communities.

## **H.R. 7003 - Expanding Financial Access for Underserved Communities**

Representative **Ed Perlmutter (D-CO-7)** co-sponsored legislation that provides a market-based solution that takes steps to remove field-of-membership restrictions on credit unions located in rural, low-income, or traditionally underserved communities. At times, credit unions are forced to refuse services to certain individuals and small businesses in these areas for arbitrary and outdated reasons. Moreover, we are seeing more banking deserts created when big banks abandon smaller communities and rural branch locations, with the only mitigation being a credit union or small community bank location miles away.

H.R. 7003 would remove these barriers by allowing a credit union to grant membership to individuals if they meet one of the following criteria:

- Reside in a poverty zone as defined by the Community Development Financial Institutions Act;
- Reside in a low-income community as defined by the New Markets Tax Credit Program; or
- Reside 10 miles from the closest financial institution branch, which makes up a considerable portion of rural and banking deserts across the nation.

The bill also permits unlimited business lending authority for all state and federal credit unions in these areas.

### *Additional Federal Advocacy Priorities*

#### **SAFE Banking Act**

Congress is working diligently to pass the SAFE Banking Act in this Congress in order to ensure that cannabis-related businesses can have access to financial institutions, such as their local credit unions, to safely and securely perform their financial operations.

Legislation to resolve this issue is currently part of *The America Competes Act* and has passed both chambers.

Like the NDAA, the bill is in a conference committee to reconcile the differences between the House and Senate versions. As mentioned above, the SAFE Banking Act is also Included in the House version of the NDAA bill.

#### **Data Privacy**

Retailers do not face the same strict data security standards that financial institutions are subject to under the Gramm-Leach-Bliley Act (GLBA). Major merchant data breaches expose credit unions to significant monetary costs and reputational risk. We are consistently requesting that Congress takes action to provide a fair and equitable data privacy standard instead of the patchwork of state laws that is currently being established. Several bills have been introduced in the past few weeks and we expect committee action on these bills in the weeks ahead; however, some of the main players on this matter, specifically Senator **Maria Cantwell (D-WA)**, are not currently in agreement with the current legislation, so we do not expect to see broad action on this matter until the 118th Congress. The two major sticking points for those working on this issue are private right of action capabilities and that of state preemption. We will continue to closely follow this issue.

## CDFI Cure Status

Several members of the GWCUA Congressional delegation have reached out to the Director of the U.S. Department of Treasury's Community Development Financial Institutions (CDFI) Fund, Jodie Harris, regarding the challenges our members have faced with CDFI during the past several months. Multiple Congressional requests were made to Director Harris requesting clarification and resolution to CDFI certification challenges and those credit unions attempting to close CDFI grant awards and being left in "cure state" limbo for unacceptable periods of time. Our GWCUA Advocacy team will continue to work with our Congressional and Regulatory leaders to ensure these issues are resolved in short order.

## Digital Assets

Digital technologies and the burgeoning digital assets marketplace are expanding in a manner that could reshape the financial services landscape into the future, from blockchain and cryptocurrencies to decentralized finance and a central banked digital currency. We are closely monitoring the rapid innovation in these areas as well as the regulatory and proposed legislative responses to the market changes. The Responsible Financial Innovation Act Is bipartisan legislation Introduced by Senators **Cynthia Lummis (R-WY)** and **Kirsten Gillibrand (D-NY)** to create a regulatory framework for digital assets. It seeks to encourage responsible financial Innovation, flexibility, transparency, and consumer protections while integrating digital assets into law. At the state level, Wyoming has paved the way in digital asset regulation, and Sen. Lummis hopes to achieve similar regulatory clarity for agencies charged with supervising digital assets, in this federal bill.

We don't believe this legislation will gain much traction in the remaining few months of the 117th Congress, but the effort has circled the wagons on the need for regulatory structure around this rapidly evolving component of financial services. Moreover, we expect to see bipartisan legislative work groups around this subject, with additional legislative leaders joining with Senators Lummis and Gillibrand to make this regulatory structure more of a Congressional reality.

## Overdraft Protection

The current system allows credit unions to provide overdraft protection services, and we are actively opposing any efforts to make changes.

- Credit unions have a longstanding commitment to improving members' financial lives.
- Many credit unions offer the flexibility of overdraft protection services which allow members to carry on in their financial lives and meet commitments during an emergency.
- Credit unions have worked to reduce fees and impacts to members who utilize these services as an overall commitment to reduce costs to members.
- Credit unions are reputable, regulated institutions and overdraft programs are one of the numerous tools that allow us as not-for-profit cooperative financial services providers, to meet our members' needs and build trust with them.