



H.R. 3791—To Raise the Consolidated Assets Threshold Under the Small Bank Holding Company Policy Statement, and for Other Purposes (Rep. Love, R-UT)

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FLOOR SCHEDULE:

Expected to be considered on April 14, 2016 under a structured [rule](#).

TOPLINE SUMMARY:

[H.R. 3791](#) would require the Federal Reserve Board to apply its [Small Bank Holding Company Policy Statement](#) to banks and savings and loan holding companies with pro forma consolidated assets of less than \$5 billion, within 6 months of enactment of the legislation. This would increase the threshold for qualifying holding companies from \$1 billion in assets to \$5 billion. Newly qualified institutions would be able to use acquisition debt when transferring small banks to small bank holding companies.

COST:

The Congressional Budget Office (CBO) [estimates](#) that any changes to the Federal Reserve's administrative costs would be insignificant

CONSERVATIVE CONCERNS:

There are no substantive concerns.

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

Because bank holding companies can serve as a point of strength for their insured depository institutions, they are subjected to risk-based and leverage capital adequacy guidelines by the Federal Reserve Board. These guidelines discourage the use of debt to finance the acquisition of other banks or companies. Because the Board recognizes, however, that when small banks are transferred to small bank holding companies (SBHCs), acquisition debt is used, the Board exempted qualifying SBHCs from the Bank Holding Company capital guidelines in their Small Bank Holding Company Policy Statement. Under the Policy Statement, SBHCs set the qualifying asset threshold at \$150 million, which was later raised to \$500 million in 2015, and was again raised via a final rule to \$1 billion. Additionally, to qualify as an SBHC, a bank holding company must not: (1) be engaged in major nonbanking activities; (2) conduct significant off-balance sheet activities; or (3) have a material amount of debt or equity securities outstanding that are regulated by the

SEC. Those covered are also exempt from parts of Section 171 of Dodd-Frank, which requires BHCs to “operate under capital standards at least as stringent as those applying to [insured] banks.”

H.R. 3791 would require the Board of Governors of the Federal Reserve System to revise their Small Bank Holding Company Policy Statement for BHCs and savings and loan holding companies to apply to those with pro forma consolidated assets of less than \$5 billion. This bill would also exempt these financial institutions from the leverage and risk-based capital requirements imposed by Dodd-Frank.

AMENDMENTS:

1. [Kelly \(D-IL\)](#)—This amendment would require a holding company to submit a report to the Federal Reserve with a plan for expanding banking services to rural, low-income, and minority communities, prior to any asset transfer from institutions serving those communities.

COMMITTEE ACTION:

H.R. 3791 was introduced on October 21, 2015, and was referred to the House Committee on Financial Services where it was reported by the yeas and nays on December 9, 2015.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 Clause 3: “The Congress shall have power . . . To regulate commerce with foreign nations, and among the several states, and with the Indian tribes.”

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