

COMMUNITY BANK LEVERAGE IMPROVEMENT AND
FLEXIBILITY FOR TRANSPARENCY ACT

NOVEMBER 4, 2025.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. HILL of Arkansas, from the Committee on Financial Services,
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 5276]

The Committee on Financial Services, to whom was referred the
bill (H.R. 5276) to amend the Economic Growth, Regulatory Relief,
and Consumer Protection Act to adjust the Community Bank Le-
verage Ratio, and for other purposes, having considered the same,
reports favorably thereon with an amendment and recommends
that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Community Bank Leverage Improvement and Flexibility for Transparency Act” or the “Community Bank LIFT Act”.

SEC. 2. COMMUNITY BANK LEVERAGE RATIO.

(a) IN GENERAL.—Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (12 U.S.C. 5371 note) is amended—

(1) in subsection (a)(3)(A), by striking “\$10,000,000,000” and inserting “\$15,000,000,000”; and

(2) in subsection (b)(1), by striking “not less than 8 percent and not more than 10 percent” and inserting “not less than 6 percent and not more than 8 percent”.

(b) RULEMAKING DEADLINE.—Not later than the end of the 180-day period beginning on the date of enactment of this Act, and after reviewing the report issued pursuant to section 3(b), the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation shall propose and, not later than 1 year after the date of the enactment of this Act, such agencies shall finalize rules to carry out the amendments made by subsection (a) and the recommended modifications contained in such report.

SEC. 3. REVIEW OF THE COMMUNITY BANK LEVERAGE RATIO.

(a) IN GENERAL.—The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation shall commence a review of the Community Bank Leverage Ratio (“CBLR”) developed under section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (12 U.S.C. 5371 note), and rules issued thereunder, which shall include a consideration of how to modify and calibrate the CBLR to encourage more qualifying community banks to opt-in to the CBLR framework, with an additional focus on—

(1) those qualifying community banks with fewer assets; and

(2) providing regulatory compliance burden relief so that the CBLR is simple to apply.

(b) REPORT.—Not later than the end of the 150-day period beginning on the date of enactment of this Act, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

(1) all findings and determinations made in carrying out the review under subsection (a); and

(2) specific recommendations on modifications, if any, to—

(A) the calculation of the numerator and denominator of the CBLR;

(B) the treatment of specific asset classes or exposures to better reflect the risk profiles of community banks;

(C) the definition of and qualifying criteria for a qualifying community bank;

(D) enhancements to the procedures for opting into or out of the CBLR framework, including streamlined reporting and transition mechanisms;

(E) the grace period to facilitate the transition to and from a modified CBLR regime; and

(F) any statutory changes that may be needed to address such recommendations.

(c) QUALIFYING COMMUNITY BANK DEFINED.—In this section, the term “qualifying community bank” has the meaning given that term in section 201(a)(3)(A) of the Economic Growth, Regulatory Relief, and Consumer Protection Act (12 U.S.C. 5371 note).

PURPOSE AND SUMMARY

H.R. 5276, the *Community Bank LIFT Act*, was introduced on September 10, 2025, by Republican Representative Young Kim (CA–40). This bill amends the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (S. 2155) to lower the statutory range for the community bank leverage ratio (CBLR) from 8–10 percent to 6–8 percent. The Federal banking agencies would be required to

conduct a review of the CBLR and how it can be modified to encourage more community banks to opt into the framework and submit a report to Congress that contains specific recommendations to do so. The agencies would also be required to propose a rule to implement these recommendations within 180 days and finalize within one year of enactment.

BACKGROUND AND NEED FOR LEGISLATION

Congress, when passing S. 2155, recognized that many small community banks, with their generally low-risk business models, were overburdened by the complex and costly compliance frameworks necessary to comply with risk-weighted capital requirements. As a result, S. 2155 included the CBLR, an optional leverage ratio framework that eligible banks can adopt to simplify their capital adequacy requirements while maintaining their safety and soundness. The CBLR is calculated as the ratio between a qualifying bank's Tier One Capital (numerator) and its total on- and off-balance sheet assets (denominator).

To qualify for the CBLR, a bank must have the following:

- Total on- and off-balance sheet assets of less than \$10 billion;
- Off-balance sheet assets that constitute 25 percent or less of its total on- and off-balance sheet assets combined; and
- A CBLR of greater than 9 percent.

S. 2155 directed the Federal banking agencies to promulgate regulations that established a CBLR between 8 and 10 percent. After this required rulemaking, the federal banking agencies landed on a CBLR of 9 percent, reasoning that “a 9 percent calibration . . . will not result in a reduction in the aggregate level of regulatory capital currently held by [CBLR] electing [qualifying] banking organizations.” However, the CBLR's complexities have caused implementation difficulties for community banks. Additionally, required holdings of capital under the CBLR can often be greater than that under more complicated risk-based and leveraged-based ratios. Federal Reserve Board Vice Chair for Supervision Michelle Bowman has indicated support for modifying the CBLR framework to make it more attractive and will encourage more banks to adopt it. This bill similarly directs the Federal banking agencies to consider modifications to the CBLR to incentivize community bank participation in the CBLR.

COMMITTEE CONSIDERATION

119TH CONGRESS

On September 10, 2025, Representative Kim introduced H.R. 5276, the *Community Bank LIFT Act*. The bill was referred solely to the Committee on Financial Services.

The bill was attached to the September 9, 2025, hearing titled “Promoting the Health of the Banking Sector: Reforming Resolution and Broadening Funding Access for Long-Term Resilience.”

On September 16, 2025, the Committee on Financial Services met in open session to consider, among others, H.R. 5276. The Committee ordered H.R. 5276, as amended, to be favorably reported to the House of Representatives.

RELATED HEARINGS

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearing was used to develop H.R. 5276:

The Subcommittee on Financial Institutions held a September 9, 2025, hearing titled “Promoting the Health of the Banking Sector: Reforming Resolution and Broadening Funding Access for Long-Term Resilience.” A draft version of the bill was attached to the hearing. The subcommittee heard testimony from the following witnesses: Mr. Dory Wiley, President and CEO, Commerce Street Holdings; Mr. James B. Barresi, Partner, Squire Patton Boggs; Mr. Hugh Carney, Executive Vice President of Financial Institution Policy and Regulatory Affairs, American Bankers Association; Dr. Norbert Michel, Vice President and Director, Cato Institute Center for Monetary and Financial Alternatives; and Mr. Robert James, President and CEO, Carver Financial Corporation, on behalf of the National Bankers Association.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include record votes on the motion to report legislation and amendments thereto.

On September 16, 2025, the Committee ordered H.R. 5276, as amended, to be reported favorably to the House by a recorded vote of 33 yeas and 19 nays, a quorum being present. (Record Vote No. FC-202).

Before the question to report was called, Representative Kim offered an amendment in the nature of a substitute, designated KIMCA_060, which made minor edits and technical changes. This amendment was adopted by a voice vote.

Committee on Financial Services

Markup 8

Bill: H.R. 5276

September 16, 2025

Measure: H.R. 5276 (as amended)

Amdt/Designated:

Record Vote No.

Motion: to report favorably

FC-202

Disposition:

AGREED TO (33-19)

Member	Yea	Nay	Not Recorded	Member	Yea	Nay	Not Recorded
Chairman Hill	X			Ranking Member Waters		X	
Mr. Lucas	X			Ms. Velázquez		X	
Mr. Sessions	X			Mr. Sherman		X	
Mr. Huizenga	X			Mr. Meeks		X	
Mrs. Wagner	X			Mr. Scott		X	
Mr. Barr	X			Mr. Lynch	X		
Mr. Williams (TX)	X			Mr. Green (TX)		X	
Mr. Emmer	X			Mr. Cleaver		X	
Mr. Loudermilk	X			Mr. Himes		X	
Mr. Davidson	X			Mr. Foster		X	
Mr. Rose	X			Mrs. Beatty		X	
Mr. Steil	X			Mr. Vargas		X	
Mr. Timmons	X			Mr. Gottheimer	X		
Mr. Stutzman	X			Mr. Gonzalez	X		
Mr. Norman	X			Mr. Casten		X	
Mr. Meuser	X			Ms. Pressley		X	
Mrs. Kim	X			Ms. Tlaib		X	
Mr. Donalds			X	Mr. Torres (NY)	X		
Mr. Garbarino	X			Ms. Garcia (TX)		X	
Mr. Fitzgerald	X			Ms. Williams of GA		X	
Mr. Flood	X			Ms. Pettersen		X	
Mr. Lawler	X			Mr. Fields		X	
Ms. De La Cruz	X			Ms. Bynum	X		
Mr. Ogles	X			Mr. Liccardo		X	
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar			X				
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
	28	0	2		5	19	0

Committee Totals:

33	19	2
Yeas	Nays	Not Voting

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 5276 is to direct the Federal banking agencies to consider modifications to the CBLR to incentivize community bank participation in the CBLR.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 5276. The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee will adopt as its own the cost estimate for the bill prepared by the Director of the Congressional Budget Office. However, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

UNFUNDED MANDATES STATEMENT

The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the *Unfunded Mandates Reform Act*. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

EARMARK STATEMENT

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI.

FEDERAL ADVISORY COMMITTEE ACT STATEMENT

No advisory committees within the meaning of section 5(b) of the *Federal Advisory Committee Act* were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act*.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 provides the short title is the “*Community Bank Leverage Improvement and Flexibility for Transparency Act*” or the “*Community Bank LIFT Act*”.

Section 2. Community Bank Leverage Ratio

Section 2 amends the Economic Growth, Regulatory Relief, and Consumer Protection Act by increasing the asset threshold for eligible institutions from \$10 billion to \$15 billion. This section decreases the range for the CBLR from 8 to 10 percent to 6 to 8 percent. This section requires the FRB, FDIC, and OCC to propose rules to carry out amendments made under the Act within 180 days, and to finalize such rules within one year of enactment.

Section 3. Review of the Community Bank Leverage Ratio

Section 3 directs the FRB, OCC, and FDIC to conduct a review of the CBLR, which includes a consideration of how to modify and calibrate the CBLR to encourage more qualifying community banks to opt-in to the CBLR framework. The review includes an additional focus on community banks with fewer assets and providing regulatory compliance burden relief to ease the application of the CBLR. This section requires the FRB, OCC, and FDIC to issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing all findings of the review conducted under the Act within 150 days of enactment of the Act. The report shall include (1) specific recommendations on modifications to the calculation of the numerator and denominator of the CBLR, (2) the treatment of specific asset classes to better reflect the risk profiles of community banks, (3) the definition and criteria for a qualifying community bank, (4) enhancements to the procedures for opting into or out of the CBLR, (5) the grace period to facilitate the

transition to and from a modified CBLR regime, and (6) any statutory changes that may be needed.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

**ECONOMIC GROWTH, REGULATORY RELIEF, AND
CONSUMER PROTECTION ACT**

* * * * *

**TITLE II—REGULATORY RELIEF AND
PROTECTING CONSUMER ACCESS TO
CREDIT**

**SEC. 201. CAPITAL SIMPLIFICATION FOR QUALIFYING COMMUNITY
BANKS.**

(a) DEFINITIONS.—In this section:

(1) COMMUNITY BANK LEVERAGE RATIO.—The term “Community Bank Leverage Ratio” means the ratio of the tangible equity capital of a qualifying community bank, as reported on the qualifying community bank’s applicable regulatory filing with the qualifying community bank’s appropriate Federal banking agency, to the average total consolidated assets of the qualifying community bank, as reported on the qualifying community bank’s applicable regulatory filing with the qualifying community bank’s appropriate Federal banking agency.

(2) GENERALLY APPLICABLE LEVERAGE CAPITAL REQUIREMENTS; GENERALLY APPLICABLE RISK-BASED CAPITAL REQUIREMENTS.—The terms “generally applicable leverage capital requirements” and “generally applicable risk-based capital requirements” have the meanings given those terms in section 171(a) of the Financial Stability Act of 2010 (12 U.S.C. 5371(a)).

(3) QUALIFYING COMMUNITY BANK.—

(A) ASSET THRESHOLD.—The term “qualifying community bank” means a depository institution or depository institution holding company with total consolidated assets of less than ~~[\$10,000,000,000]~~ *\$15,000,000,000*.

(B) RISK PROFILE.—The appropriate Federal banking agencies may determine that a depository institution or depository institution holding company (or a class of depository institutions or depository institution holding companies) described in subparagraph (A) is not a qualifying community bank based on the depository institution’s or depository institution holding company’s risk profile, which shall be based on consideration of—

- (i) off-balance sheet exposures;
- (ii) trading assets and liabilities;

- (iii) total notional derivatives exposures; and
- (iv) such other factors as the appropriate Federal banking agencies determine appropriate.

(b) COMMUNITY BANK LEVERAGE RATIO.—The appropriate Federal banking agencies shall, through notice and comment rule making under section 553 of title 5, United States Code—

(1) develop a Community Bank Leverage Ratio of [not less than 8 percent and not more than 10 percent] *not less than 6 percent and not more than 8 percent* for qualifying community banks; and

(2) establish procedures for treatment of a qualifying community bank that has a Community Bank Leverage Ratio that falls below the percentage developed under paragraph (1) after exceeding the percentage developed under paragraph (1).

(c) CAPITAL COMPLIANCE.—

(1) IN GENERAL.—Any qualifying community bank that exceeds the Community Bank Leverage Ratio developed under subsection (b)(1) shall be considered to have met—

(A) the generally applicable leverage capital requirements and the generally applicable risk-based capital requirements;

(B) in the case of a qualifying community bank that is a depository institution, the capital ratio requirements that are required in order to be considered well capitalized under section 38 of the Federal Deposit Insurance Act (12 U.S.C. 1831o) and any regulation implementing that section; and

(C) any other capital or leverage requirements to which the qualifying community bank is subject.

(2) EXISTING AUTHORITIES.—Nothing in paragraph (1) shall limit the authority of the appropriate Federal banking agencies as in effect on the date of enactment of this Act.

(d) CONSULTATION.—The appropriate Federal banking agencies shall—

(1) consult with the applicable State bank supervisors in carrying out this section; and

(2) notify the applicable State bank supervisor of any qualifying community bank that it supervises that exceeds, or does not exceed after previously exceeding, the Community Bank Leverage ratio developed under subsection (b)(1).

* * * * *

MINORITY VIEWS

H.R. 527 amends the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRRCPA) passed by Congress during Trump’s first term to lower the statutory range for the community bank leverage ratio (CBLR) from 8–10% to 6–8% (note that a lower ratio permits higher leverage). The bill would also increase the asset threshold for banks eligible for the CBLR from a current cap of \$10 billion in total assets to \$15 billion, and includes a study examining further changes to increase participation. Trump’s regulators previously set the CBLR at 9%, not 8%, and the ratio could decline further if Trump’s regulators exempt instruments like Treasury securities from the calculation. Most community banks (83%) have over 9% CBLR, but are not utilizing the CBLR framework for other reasons.

In response to concerns that small banks faced unnecessary burdensome compliance requirements related to capital, Congress created the CBLR in Section 201 of the EGRRCPA.¹ A bank with less than \$10 billion in assets that meets certain risk-profile criteria has the option to meet a CBLR requirement instead of the existing, more complex risk-weighted capital requirements. Because most small banks currently hold enough capital to meet the CBLR option, this was thought to be a way to allow many small banks to simplify their capital-related requirements.²

In his first term, Trump’s regulators set CBLR at 9% (Congress temporarily reduced CBLR to 8% during the pandemic before returning to 9%) and estimates have shown that roughly 83% of community banks exceeded a 9% leverage ratio. In 2023, roughly 1,700 community banks were utilizing CBLR, though another 2,000 banks also exceeded a 9% leverage ratio and were either disqualified for other reasons (e.g. off-balance sheet exposures) or chose not to opt-in.³ The bill’s study could help identify what, if any, barriers exist, and what modifications could help well-capitalized community banks take advantage of the CBLR framework. However, that may be an area more prudent to focus on, instead of also reducing the CBLR to a range of 6–8% given that most community banks already have more than 9%.

Most community banks historically have been better capitalized compared to their larger peers, in part because at a smaller size, they don’t have the benefits of scale or business line diversification. By significantly reducing the CBLR without study and analysis (something stakeholders demanded when Biden’s regulators proposed bank capital reforms), this change could unnecessarily un-

¹ P.L. 115–174.

² CRS, *Community Bank Leverage Ratio (CBLR): Background and Analysis of Bank Data* (May 11, 2020).

³ S&P Global, *Over 1,700 banks adopt community bank leverage ratio reporting standard in Q3* (Nov. 2023).

dermine the safety and soundness of thousands of community banks.⁴

There may be merit to increasing CBLR's asset threshold to a higher level to cover more banks since it has been 7 years since Congress first set the threshold. However, the bill increases the threshold from \$10 billion to \$15 billion, apparently utilizing the nominal GDP growth of roughly 48% between May 2018 when Congress first set the threshold and today. It may be more prudent to utilize inflation-adjusted numbers; for example, real GDP increased by roughly 17.5% over the same time period, implying a more modest threshold increase to \$11.75 billion.⁵

Advocacy groups like Americans for Financial Reform and Public Citizen oppose H.R. 5276.

For these reasons, we oppose H.R. 5276.

Sincerely,

MAXINE WATERS,
Ranking Member.
 NYDIA M. VELÁZQUEZ,
 AL GREEN,
 JOYCE BEATTY,
 RASHIDA TLAI, B,
 SYLVIA R. GARCIA,
Members of Congress.

○

⁴See Jeremy Kress and Matthew Turk, Too Many to Fail: Against Community Bank Deregulation (2020); and Testimony of Graham Steele before FI hearing, Regulatory Overreach: The Price Tag on American Prosperity (Apr. 29, 2025).

⁵BEA, *Gross Domestic Product* (accessed Sep. 14, 2025).