

Address of Requesting Entity: Mail Stop 0332, Reno, Nevada 89557

Description of Request: Funding will be used for construction and equipment for the Institute clinical and research facility.

Requesting Member: Congressman DEAN HELLER

Bill Number: HR 1105

Account: DOT—Buses and Bus Facilities

Legal Name of Requesting Entity: Regional Transportation Commission of Washoe County, Nevada.

Address of Requesting Entity: 2050 Villanova Drive, Reno, NV 89520

Description of Request: Funding would be used to complete the replacement intermodal transportation facilities in downtown Sparks and Reno that are currently operating over capacity.

Requesting Member: Congressman DEAN HELLER

Bill Number: HR 1105

Account: DOT—Interstate Maintenance Discretionary

Legal Name of Requesting Entity: Regional Transportation Commission of Washoe County, NV

Address of Requesting Entity: 2050 Villanova Drive, Reno, NV 89520

Description of Request: Funding will be used to mitigate severe current and future traffic congestion occurring on I-580/US 395 and the adjacent surface arterials in the primary commercial retail district for the Reno/Sparks metropolitan area.

Requesting Member: Congressman DEAN HELLER

Bill Number: HR 1105

Account: DOT — Transportation, Community, and System Presentation

Legal Name of Requesting Entity: City of Reno, NV

Address of Requesting Entity: P.O. Box 1900, Reno, NV 89505

Description of Request: Funding would be used for continuing the revitalization and enhancement of the downtown rail access corridor.

Requesting Member: Congressman DEAN HELLER

Bill Number: HR 1105

Account: HUD—Economic Development Initiatives

Legal Name of Requesting Entity: City of Fernley, NV

Address of Requesting Entity: 595 Silver Lace Blvd., Fernley, NV 89408

Description of Request: Funding will be used for the redevelopment and enhancement of an historically significant downtown corridor to attract business and generate jobs, largely in response to destruction from a recent flood.

Requesting Member: Congressman DEAN HELLER

Bill Number: HR 1105

Account: HUD—Economic Development Initiatives

Legal Name of Requesting Entity: City of Wells, NV

Address of Requesting Entity: 1279 Clover Avenue, P.O. Box. 366, Wells, Nevada 89835

Description of Request: Funding will be used for streetscaping and construction of an indoor recreation facility, largely in response to destruction caused by a recent earthquake.

STRONG OPPOSITION TO THE FDIC'S SPECIAL ASSESSMENT ON COMMUNITY BANKS AND THE NEGATIVE IMPACT IT WILL HAVE ON THESE INSTITUTIONS, THE COMMUNITIES THEY SERVE, SMALL BUSINESSES, COMMUNITY-BASED GROUPS, FAITH-BASED GROUPS, AND CESAR CHAVEZ GROUPS

### HON. RUBÉN HINOJOSA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 16, 2009

Mr. HINOJOSA. Madam Speaker, over the years, Texas community banks have provided the loans and services to small businesses and others, which have helped me help my district. Together, the community banks, the credit unions, the chambers of commerce, the mayors, the Texas Senate and House, the Public Housing Authorities, the CDCs, and many more in the Rio Grande Valley helped me reduce the unemployment rate in my district from 23 percent when I first arrived in Congress all the way down to 6 percent, which has increased to 9 percent in January 2009.

I want to impress upon you the need for all of us on this Committee, the House of Representatives, the Congress in general and the Executive branch to keep in mind the importance of community banks. It is a small—but vital—sector in the overall health of our economy. Community banks foster economic growth and serve their communities, boost small businesses, and help increase individual savings, which is of particular importance to me as Co-Founder and Co-Chair of the Financial and Economic Literacy Caucus.

While community banks are not the cause of the current crisis, they are feeling its effects. Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported a net loss of \$26.2 billion in the fourth quarter of 2008.

However, more than two-thirds of all insured institutions were profitable in the fourth quarter of 2008, including community banks. “Unfortunately, their earnings were outweighed by large losses at a number of big banks”, as stated by the FDIC in their Quarterly Banking Report.

Total deposits increased by \$307.9 billion (3.5 percent), the largest percentage increase in 10 years, with deposits in domestic offices registering a \$274.1 billion (3.8 percent) increase. And at year-end, nearly 98 percent of all insured institutions, representing almost 99 percent of industry assets, met or exceeded the highest regulatory capital standards.

I agree with a statement made by Chairman Sheila Bair that, and I quote, “public confidence in the banking system and deposit insurance is demonstrated by the increase in domestic deposits during the fourth quarter. Clearly, people see an FDIC-insured account as a safe haven for their money in difficult times.”

Higher level of losses for actual and anticipated failures caused the FDIC Deposit Insurance Fund balance to decline during the fourth quarter of 2008 by \$16 billion, to \$19 billion (unaudited) at December 31. In addition to having \$19 billion available in the fund, \$22 billion has been set aside for estimated losses

on failures anticipated in 2009. The fund reserve ratio declined from 0.76 percent at September 30, 2008, to 0.40 percent in the last quarter of 2008. The statutory “targeted” reserve ratio for the FDIC fund is 1.15 percent.

When the FDIC Board recently met to address DIF’s fund reserve ratio, they decided to increase deposit insurance assessment rates beginning in the second quarter of 2009 and to consider adopting enhancements to the risk-based premium system.

I must admit that I was surprised and concerned when I read the FDIC’s press release announcing that the FDIC Board adopted an interim rule to impose a 20 basis point “emergency special assessment” on the industry on June 30, 2009. The assessment is to be collected on September 30, 2009. The interim rule would also permit the Board to impose an additional emergency special assessment after June 30, 2009, of up to 10 basis points if they deem it necessary to maintain public confidence in federal deposit insurance.

The FDIC merged the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAW) to form the Deposit Insurance Fund (DIE) on March 31, 2006 in accordance with the Federal Deposit Insurance Reform Act of 2005. As a result of the merger of the BIF and SAW, all insured institutions are subject to the same assessment rate schedule, but not necessarily the same assessment rate.

What is key here is the amount each institution is assessed is based upon statutory factors that include the balance of insured deposits as well as the degree of risk the institution poses to the insurance fund. Community banks do not pose a risk to the solvency of the Deposit Insurance Fund and its Designated Reserve Ratio and were not a party to the activities that led to such a low DIF ratio to the best of my knowledge.

The FDIC has a \$30 billion line of credit with the Treasury Department to meet its obligations. I am not opposed to the FDIC tapping that source. Our nation is in a severe economic crisis, and the FDIC plays a pivotal role in the financial system. We need to provide Chairman Bair and the Board with as much support as possible while simultaneously avoiding imposing unnecessary and unwarranted special assessments on financial institutions that had nothing to do with the current economic crisis or the condition of the overall banking industry.

The FDIC’s Deposit Insurance Fund currently has \$19 billion available, \$20 (you indicate \$22B earlier) billion set-aside for estimated losses on failures anticipated in 2009, and a \$30 billion line of credit with the Department of Treasury, bringing the total “available” to \$69 billion.

Legislation that recently passed the House and is being considered in the Senate included a \$70 billion increase in the FDIC’s line of credit at Treasury to \$100 billion, more than three-fold, and was intentionally capped at \$100 billion during a markup, bringing the total dollar amount available for the Deposit Insurance Fund to \$139(\$141?) billion, provided the legislation passes and is signed by the President.

Although very pleased to learn that Chairman Bair would cut the emergency special assessment in half, to 10 basis points, provided Congress increases the FDIC’s borrowing authority to \$100 billion, a quid pro quo, I remain

steadfast in my opposition to any special assessment that would be imposed on community banks.

Community banks did not cause the economic crisis. To the best of my knowledge, community banks do not pose a threat to the Deposit Insurance Fund or its Designated Reserve Ratio. Community banks did what they always do, they took care of their communities, small businesses, faith-based groups, community-based groups, nonprofits, César Chávez entities and many, many others.

Under the restoration plan approved last October, the FDIC Board set a rate schedule to raise the DIF reserve ratio to 1.15 percent within five years. Recent actions taken by the FDIC extends the restoration plan horizon to seven years in recognition of the current significant strains on banks and the financial system and the likelihood of a severe recession.

I agree with FDIC Chairman Sheila Bair's statement in the release that, and I quote, "Public confidence in the FDIC guarantee has helped assure a stable source of funding for banks in these troubled times." However, I am curious as to why community banks that played little to no role in the current financial crisis will have to pay a special assessment for something they did not do. I understand the argument that it's best to impose the assessment on all the insured institutions across the board. But, it is flawed. And, I'll ask one more time why should community banks that had little to nothing to do with the current crisis have to pay the special assessment?

They are small institutions that are well-capitalized whose funds are needed by local communities. Only thirteen out of 640 community banks in Texas have opted to participate in Treasury's Capital Purchase Program, and none of them are based out of my district.

As noted, the Full Committee and subsequently the House of Representatives passed legislation authorizing the FDIC to borrow up to \$100 billion from Treasury. Recently, Senate Banking Committee Chairman CHRISTOPHER DODD introduced legislation that would give the FDIC's Board of Directors, the Board of Governors of the Federal Reserve System and the Secretary of the Treasury, in consultation with the President, the power to increase the FDIC's borrowing authority above the \$100 billion cap to an amount they deem necessary to maintain the stability and designated reserve ratio of the FDIC's Deposit Insurance Fund, but not to exceed \$500 billion. This borrowing authority would sunset on December 31, 2010.

I support Chairman DODD's legislation—both its intent and its language—in large part due to the strict requirements it imposes on the FDIC, the Federal Reserve, and Treasury (in consultation with the President) prior to granting the authority for the FDIC to borrow beyond the proposed \$100 billion threshold as capped in the House-passed version of the legislation. It is sound public policy.

At the same time, with all the funds the FDIC currently has available and the additional borrowing authority it likely will have soon, I don't believe it needs to tap the community banks in my district, in Texas and the United States.

I have the utmost respect and confidence in Chairman Bair. I laud her for her commitment to financial literacy, especially her efforts to bring the unbanked into the mainstream financial system and away from check cashers, and payday and predatory lenders. I acknowledge and commend her and the FDIC Board for all their efforts and success at addressing the current economic crisis, up to a point.

The FDIC's proposed emergency special assessment will not only negatively impact community banks, but it will not help me in my capacity as Co-Chair of the Financial and Economic Literacy Caucus. It will not help me as a member of the Financial Services Committee. It definitely will not help me, a representative of the poorest county in the country, to bring the unbanked into the mainstream financial system.

There are alternatives to what the FDIC is proposing. If the FDIC needs additional funds to meet the designated reserve ratio, it can easily change the assessment base from domestic deposits to all deposits. The FDIC could tap temporary funding from the Treasury, like Wall Street firms, to re-capitalize the insurance fund, giving Main Street banks time to strengthen their balance sheets and allow local lending activities to continue, and grow, to help our struggling economy recover, rather than constrict lending further by imposing a new debt obligation on already burdened balance sheets.

I cannot support a policy in which a federal agency takes funds from my district, which includes Hidalgo County—the poorest county in the country—and transfers them to the limited areas of the country in which the large banks and entities other than community banks or credit unions, with the help of certain regulators, created the current global economic crisis.

Madam Speaker, I hope that someone out there is listening.

TREASURE ISLAND MAYOR MARY MALOOF COMPLETES 12 YEARS OF SERVICE TO HER COMMUNITY

### HON. C.W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 16, 2009

Mr. YOUNG of Florida. Madam Speaker, Treasure Island Mayor Mary Maloof turns over her gavel this week during the city commission's regularly scheduled meeting, ending 12 years of dedicated service.

It has been a privilege to work with Mayor Maloof on a number of projects important to the people of Treasure Island. Most notable was the rebuilding of the Treasure Island Causeway and Draw Bridge, which serves as a major evacuation route for the city's residents. Together, we dedicated this \$65 million project in June of 2006, to the cheers of the people of Treasure Island and to the relief of the city's engineers who were concerned about the safety of the old bridge.

Mayor Maloof was never afraid to tackle a problem of any size whether it is a major bridge replacement, the largest public works project in the city's history, or the concern of a single constituent. She approached all those challenges with the same interest and can-do spirit.

Mayor Maloof served for six years as a City Commissioner before being elected Mayor in 2003. She was the first woman to be elected Mayor of Treasure Island and was reelected to a second three-year-term in 2006.

She had the great honor to preside over the city's 50th anniversary in 2005 and through her 12 years of service to the people of Treasure Island, she has set the city on course for great success and prosperity over the course of its next 50 years.

Madam Speaker, serving as mayor of any community large or small is among the toughest of elected positions. Mayor Mary Maloof has carried out her duties with the greatest of honor and dedication and it is my hope that my colleagues join me today in saluting her for a job well done.