

unnecessary constraint of mortgage credit; and when the National Association of Realtors are reporting that they are unable to close mortgages due to this onerous qualified mortgage rule, clearly the pendulum has swung too far.

So, yes, we needed some reforms in the aftermath of the financial crisis. This QM rule went too far. This is a recalibration of that. And this is important regulatory relief for our community financial institutions that will inure to the benefit of the American home-buying public, and it will do so in a responsible way, providing a viable alternative to the originate to distribute practices that really led to the financial crisis.

Madam Speaker, let me just make one final observation, and that is to give credit to the administration. The Department of the Treasury, in their findings and recommendations in their report on banks and credit unions, they recognized that this was a problem in the mortgage lending space and they made a recommendation also to increase the portfolio lending safe harbor to institutions with \$10 billion in assets or lower; and that, as they argued, will accommodate loans made and retained by small depository institutions, provide that needed regulatory relief to our community financial institutions, and also expand access to mortgage credit in a responsible way.

Madam Speaker, I thank my colleagues for their support. At this time I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kentucky (Mr. BARR) that the House suspend the rules and pass the bill, H.R. 2226, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### COMMUNITY BANK REPORTING RELIEF ACT

Mr. BARR. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 4725) to amend the Federal Deposit Insurance Act to require short form call reports for certain depository institutions.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4725

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Community Bank Reporting Relief Act".

#### SEC. 2. SHORT FORM CALL REPORTS.

Section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended by adding at the end the following:

"(12) SHORT FORM REPORTING.—

"(A) IN GENERAL.—The appropriate Federal banking agencies shall issue regulations that

allow for a reduced reporting requirement for a covered depository institution when the institution makes the first and third report of condition for a year, as required under paragraph (3).

"(B) DEFINITION.—In this paragraph, the term 'covered depository institution' means an insured depository institution that—

"(i) has less than \$5,000,000,000 in total consolidated assets; and

"(ii) satisfies such other criteria as the appropriate Federal banking agencies determine appropriate."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kentucky (Mr. BARR) and the gentleman from Michigan (Mr. KILDEE) each will control 20 minutes.

The Chair recognizes the gentleman from Kentucky.

Mr. BARR. Madam Speaker, I yield myself such time as I may consume, and I rise today in support of H.R. 4725, the Community Bank Reporting Relief Act.

Community banks were hit hard by the Great Recession and the ensuing regulations. Numerous bankers have told me they are spending more and more money and resources and time on compliance costs and less money and resources on actually providing services to customers. This is particularly alarming because these small banks are so critical to their communities. From sponsoring the local T-ball team, to lending money to a farmer for the next year's crop, to helping the single mom purchase a used car so she can get to work, these banks are involved at every level of our communities all across America, but because of over-regulation, these banks are rapidly closing and consolidating.

Unfortunately, the headline for banks in the Commonwealth of Kentucky is no different. Since the enactment of the Dodd-Frank financial control law, we have seen a 20 percent drop in the number of banks in our State and there has been a dearth of charters for new banks. In fact, since 2010, there have been only a few de novo charters for banks nationwide.

Now, some people say that consolidation and mergers have been a long-term trend for the last 30 years and, therefore, not related to the recent uptick in regulations unrelated to Dodd-Frank, but they are clearly not seeing the bigger picture, because even after mergers, many branches in rural and other underserved communities are closing, leaving many Kentuckians to drive a town or two over just to get to the nearest bank.

It is not just about a long-term trend of consolidation. There have been literally no new charters, whereas before the Dodd-Frank law was enacted, there were many, many new charters every year; and since the Dodd-Frank law was enacted, no new charters. So the consolidation trend has gotten a lot worse since this avalanche of red tape coming out of Washington, D.C., and that is having a very negative impact on rural and underserved American communities.

While new technologies are helping bring banking services to anyone with an internet connection, many people still prefer the personal one-on-one banking style that they grew up with and the personal interaction often that helps the banks themselves understand the exact needs of their customers.

□ 1400

The Dodd-Frank law was almost 2,300 pages and required dozens of agencies to create new regulations or revise existing ones. As a result, these agencies issued hundreds of regulations and, according to the Mercatus Center, the law placed about 28,000 new restrictions on the banking industry, effectively doubling the number of regulatory restrictions in title 12 of the Code of Federal Regulation to more than 52,000.

Although not part of the Dodd-Frank rush of regulations, a growing number of banks have cited the Federal Financial Institutions Examination Council's, or FFIEC, Consolidated Reports of Condition and Income—or call reports, as they are commonly called—as too burdensome.

Each quarter, all national banks, State member banks, insured State nonmember banks, and savings associations are required to file these call reports. The reports contain approximately 50 pages of financial data on each bank, including their assets, liabilities, capital accounts, expenses, and income. However, these reports are very burdensome for community banks with limited resources and offer little value to the regulators relative to the last quarter's report.

Thankfully, H.R. 4725, the Community Bank Reporting Relief Act, is fighting back against the bureaucratic nightmare of complying with these 52,000 restrictions by allowing banks with less than \$5 billion in consolidated assets to file their call reports every 6 months as opposed to every 3 months.

The impact of this regulatory change will be a huge development for banks across the country. Now they will spend less time on call reports and more time on actually helping customers. This means more capital will be flowing into our local economies, spurring job growth and economic development, while making a real difference in the lives of Americans trying to access affordable capital to buy a new home or car or start a business.

I want to thank my good friend from Illinois, Congressman RANDY HULTGREN, for his leadership and for introducing this important legislation. Due to his leadership, this great community bank bill is being considered as a suspension on the floor today. That means that there is a great chance that this bill will build on its unanimous support earned during the House Financial Services Committee markup and will be a bipartisan provision in the Senate Banking chairman's Economic Growth, Regulatory Relief, and Consumer Protection Act, which is expected to pass out of the Senate very soon.

In addition to Congressman HULTGREN, I want to thank Chairman HENSARLING and Ranking Member WATERS for their hard work on this critical legislation, and I urge my colleagues to vote for H.R. 4725, the Community Bank Reporting Relief Act.

I reserve the balance of my time.

Mr. KILDEE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to support H.R. 4725, the Community Bank Reporting Relief Act, which would reduce reporting requirements through first and third quarter call reports for depository institutions with less than \$5 billion in total consolidated assets.

This bill provides targeted regulatory relief to many of our smaller financial institutions, as has been the desire of both Democrats and Republicans on the committee and in this Congress for some time.

Under the Obama administration, the Federal banking agencies began taking a series of steps to reduce and streamline various bank reporting requirements. Many of these requirements had existed for decades, including the quarterly Consolidated Reports of Condition and Income for a Bank, which is commonly referred to as a call report.

These efforts by regulators have included creating a simpler call report for most community banks with less than \$1 billion. Regulators have already been exploring raising the threshold to a comparable level that is proposed by this legislation. The regulators also allow for some data to be reported semiannually, as this bill would allow, or annually rather than quarterly.

I am pleased that H.R. 4725 would give the regulators discretion to decide what information should be included in a reduced call report. It is also key that the bill would require a full call report every other quarter for banks under \$5 billion, including at the end of the year, to make sure that regulators and the public have sufficient information on the health of financial institutions.

Furthermore, this bill would permit regulators to limit the regulatory relief, as appropriate. This would, for example, exclude banks with foreign offices or ones that are affiliated with much larger banks, as they do today.

This bill would appropriately maintain robust oversight of our Nation's largest banks while providing targeted relief for smaller institutions.

As I said, we don't agree on everything. Many of us on this side believe that the robust protections built into Dodd-Frank have strengthened the financial system but that there are ways that we can improve and refine those restrictions in order to support particularly smaller institutions. This is a step in that direction, and I urge my colleagues to support H.R. 4725.

I reserve the balance of my time.

Mr. BARR. Mr. Speaker, I am pleased to yield 6 minutes to the gentleman from Illinois (Mr. HULTGREN), the sponsor

of the legislation and the vice chairman of the Subcommittee on Capital Markets, Securities, and Investments.

Mr. HULTGREN. Mr. Speaker, I rise today to speak in support of the Community Bank Reporting Relief Act.

I would like to begin by thanking Leader MCCARTHY and Chairman HENSARLING for their support in getting this legislation to the floor. I also want to thank and express my appreciation to my colleagues, ANDY BARR and TERRI SEWELL, for serving as original cosponsors on this legislation.

I would also like to point out that this identical language has been included in the bipartisan regulatory relief bill that the Senate is expected to take up maybe sometime this week.

By way of background, the Federal Financial Institutions Examinations Council requires banks and savings associations to file a quarterly Consolidated Report of Condition and Income, also known as the call report. Banking regulators use data in the call report to monitor the safety, soundness, performance, and risk profile of each institution and to assess the overall condition of the banking system.

I think we can all agree that our Federal banking regulators should have regular updates on the overall performance and health of financial institutions. For example, this is important if Federal banking regulators are going to be prudent stewards of Federal deposit insurance. However, this does not mean that the Federal banking regulators need regular reports about every single data point on every single financial institution.

Unfortunately, the reporting burden has grown significantly over the years, which means banks have to spend more time with compliance issues rather than working with families and businesses to meet their financial needs.

When I introduced similar legislation last Congress, one community banker in Illinois, Greg Ohlendorf, with First Community Bank and Trust, shared with me: "The quarterly call report has increased to some 80 pages supported by almost 700 pages of instructions, and it represents a growing burden on community banks."

According to a survey that the Independent Community Bankers of America conducted of its members in 2014, over 60 percent of the annual cost to prepare the call report goes to personnel salaries. This survey shows that this is not a highly automated process for those institutions and that oftentimes senior executives such as the chief financial officer are responsible for this regulatory burden.

We also heard testimony in the Financial Institutions and Consumer Credit Subcommittee hearing from Robert Fisher, president and CEO of Tioga State Bank, on behalf of the ICBA, who stated: "When I first started in banking in the mid-1980s, the report was 18 pages long. No change in our basic business model since that time

warrants the sharp growth in our quarterly reporting obligation."

The length of the call report has simply gotten out of hand. Washington needs to get out of the way so that community banks can focus on meeting the needs of their communities. The role of smaller financial institutions is especially important in more rural areas, such as in my district, where larger banks tend to not have as many branches.

The Community Bank Reporting Relief Act would require Federal banking regulators to permit for a short-form call report every other quarter for banks with less than \$5 billion in assets and that satisfy other criteria determined by bank regulators.

Federal banking regulators have not demonstrated there are statistically significant variations in this data quarter to quarter, and we heard testimony consistent with this from Tioga State Bank in the House Financial Services Committee. This means the banking regulators are simply collecting too much information too frequently. The Federal banking regulators would be required to take input from our neighborhood banks under consideration when making these changes. This cannot be simply check-the-box exercises, but real reform is necessary.

However, nothing in this legislation would prevent regulators from having access to the information that they need to adequately understand the health of the banking system. Regulators will still receive the most important information every quarter.

The Independent Community Bankers of America has suggested this short form call report include three schedules: schedules RI, an income statement; schedule RIA, changes in bank equity capital; and Schedule RC, the balance sheet.

Furthermore, in the event there is any reason for concern about the health of the bank, regulators would maintain their authority to make ad hoc information requests.

This legislation is supported by the American Bankers Association, the Independent Community Bankers of America, and the neighborhood banks in all of our districts who are looking for commonsense regulatory relief.

I urge my colleagues to vote in support of this legislation. We must cut regulation for community banks.

Mr. KILDEE. Mr. Speaker, I reserve the balance of my time.

Mr. BARR. Mr. Speaker, I yield myself such time as I may consume.

Let me once again thank the gentleman from Illinois for his tireless advocacy on behalf of our community financial institutions and providing some commonsense, basic relief to those institutions so that, instead of dealing with paperwork, they could actually better serve their customers and grow our local economies.

GENERAL LEAVE

Mr. BARR. Mr. Speaker, I ask unanimous consent that all Members may

have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

The SPEAKER pro tempore (Mr. WALDEN). Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BARR. Mr. Speaker, I reserve the balance of my time.

Mr. KILDEE. Mr. Speaker, I will just close by reiterating what I said earlier. From time to time, it is clear that we can come together on solutions to problems that we come across in any regulation, in any aspect of the Federal Government. Even in areas where we might find broad disagreement on the importance of many of the protections that were put in place after the financial crisis, across the aisle, we can often find common ground around particular solutions; and, when we do that, we should act.

I think that is why so many of us were pleased to see this legislation come forward to give us a chance to demonstrate that this is a step in the right direction, particularly supporting some of our smaller institutions. I support this legislation and urge my colleagues to do the same.

I yield back the balance of my time.

Mr. BARR. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kentucky (Mr. BARR) that the House suspend the rules and pass the bill, H.R. 4725.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

## NATIONAL STRATEGY FOR COMBATING THE FINANCING OF TRANSNATIONAL CRIMINAL ORGANIZATIONS ACT

Mr. BARR. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4768) to require the President to develop a national strategy to combat the financial networks of transnational organized criminals, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4768

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the “National Strategy for Combating the Financing of Transnational Criminal Organizations Act”.

### SEC. 2. NATIONAL STRATEGY.

(a) IN GENERAL.—The President, acting through the Secretary of the Treasury, shall, in consultation with the Attorney General, the Secretary of State, the Secretary of Homeland Security, the Director of National Intelligence, the Secretary of Defense, the Director of the Financial Crimes Enforcement Network, the Director of the United

States Secret Service, the Director of the Federal Bureau of Investigation, the Administrator of the Drug Enforcement Administration, the Commissioner of Customs and Border Protection, the Director of the Office of National Drug Control Policy, and the Federal functional regulators, develop a national strategy to combat the financial networks of transnational organized criminals.

#### (b) TRANSMITTAL TO CONGRESS.—

(1) IN GENERAL.—Not later than one year after the enactment of this Act, the President shall submit to the appropriate Congressional committees and make available to the relevant government agencies as defined in subsection (a), a comprehensive national strategy in accordance with subsection (a).

(2) UPDATES.—After the initial submission of the national strategy under paragraph (1), the President shall, not less often than every 2 years, update the national strategy and submit the updated strategy to the appropriate Congressional committees.

(c) SEPARATE PRESENTATION OF CLASSIFIED MATERIAL.—Any part of the national strategy that involves information that is properly classified under criteria established by the President shall be submitted to Congress separately in a classified annex and, if requested by the chairman or ranking member of one of the appropriate Congressional committees, as a briefing at an appropriate level of security.

### SEC. 3. CONTENTS OF NATIONAL STRATEGY.

The national strategy described in section 2 shall contain the following:

(1) THREATS.—An identification and assessment of the most significant current transnational organized crime threats posed to the national security of the United States or to the U.S. and international financial system, including drug and human trafficking organizations, cyber criminals, kleptocrats, and other relevant state and non-state entities, including those threats identified in the President’s “Strategy to Combat Transnational Organized Crime” (published July 2011).

(2) ILLICIT FINANCE.—(A) An identification of individuals, entities, and networks (including terrorist organizations, if any) that provide financial support or financial facilitation to transnational organized crime groups, and an assessment of the scope and role of those providing financial support to transnational organized crime groups.

(B) An assessment of methods by which transnational organized crime groups launder illicit proceeds, including money laundering using real estate and other tangible goods such as art and antiquities, trade-based money laundering, bulk cash smuggling, exploitation of shell companies, and misuse of digital currencies and other cyber technologies, as well as an assessment of the risk to the financial system of the United States of such methods.

(3) GOALS, OBJECTIVES, PRIORITIES, AND ACTIONS.—(A) A comprehensive, research-based, discussion of short-term and long-term goals, objectives, priorities, and actions, listed for each department and agency described under section 2(a), for combating the financing of transnational organized crime groups and their facilitators.

(B) A description of how the strategy is integrated into, and supports, the national security strategy, drug control strategy, and counterterrorism strategy of the United States.

(4) REVIEWS AND PROPOSED CHANGES.—A review of current efforts to combat the financing or financial facilitation of transnational organized crime, including efforts to detect, deter, disrupt, and prosecute transnational organized crime groups and their supporters, and, if appropriate, proposed changes to any

law or regulation determined to be appropriate to ensure that the United States pursues coordinated and effective efforts within the jurisdiction of the United States, including efforts or actions that are being taken or can be taken by financial institutions, efforts in cooperation with international partners of the United States, and efforts that build partnerships and global capacity to combat transnational organized crime.

### SEC. 4. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

(A) the Committee on Financial Services, the Committee on Foreign Affairs, the Committee on Armed Services, the Committee on the Judiciary, the Committee on Homeland Security, and the Permanent Select Committee on Intelligence of the House of Representatives; and

(B) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, the Committee on Armed Services, the Committee on the Judiciary, the Committee on Homeland Security and Governmental Affairs, and the Select Committee on Intelligence of the Senate.

(2) FEDERAL FUNCTIONAL REGULATOR.—The term “Federal functional regulator” has the meaning given that term in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809).

(3) TRANSNATIONAL ORGANIZED CRIME.—The term “transnational organized crime” refers to those self-perpetuating associations of individuals who operate transnationally for the purpose of obtaining power, influence, monetary or commercial gains, wholly or in part by illegal means, while—

(A) protecting their activities through a pattern of corruption or violence; or

(B) while protecting their illegal activities through a transnational organizational structure and the exploitation of transnational commerce or communication mechanisms.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kentucky (Mr. BARR) and the gentleman from Michigan (Mr. KILDEE) each will control 20 minutes.

The Chair recognizes the gentleman from Kentucky.

#### GENERAL LEAVE

Mr. BARR. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BARR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 4768, the National Strategy for Combating the Financing of Transnational Criminal Organizations Act.

I want to, at the outset, applaud and thank my colleague Mr. KUSTOFF from Tennessee for his leadership on this important legislation and for bringing this solution to the Congress and this solution to the American people.

As Members of Congress, our number one responsibility is the national security and the well-being of the American people. Unfortunately, transnational criminal organizations threaten the safety of Americans, and we must do