COMMITTEE: **Communications, Financial Services & Interstate Commerce**

POLICY: **Resolution Supporting the Repeal of the Dodd-Frank Wall Street Reform and Consumer Protection Act**

TYPE OF POLICY: **Action**

WHEREAS, The banking and insurance industries are essential to the continued growth and well-being of the States, serving as important hubs of economic activity for communities throughout the country; the Dodd-Frank Wall Street Reform and Consumer Protection Act not only poses a major threat to these businesses, but will serve as a destructive influence on the entire nation; and

WHEREAS, The Dodd-Frank Act, which was signed by the president of the United States on July 21, 2010, consists of 2,300 pages of new statutory language that will result in the promulgation of more than 250 new federal regulations; supporters of the legislation claim that it will equip federal regulators with powers to prevent another financial debacle like the country experienced from 2007 through 2009, but in reality, the bill sets up a regulatory regime that allows "Too Big to Fail" banks and Wall Street to continue to avoid adequate scrutiny while it punishes traditional state banks that had nothing to do with the most recent crisis; and

WHEREAS, A new Bureau of Consumer Financial Protection is established to regulate all consumer financial services in the United States; the bureau will receive hundreds of millions of dollars in annual funding from the Federal Reserve System and is not subject to congressional oversight through the appropriations process; it will have the power to decide what types of financial products can and cannot be offered, and it will have the power to set prices for consumer loans, mortgages, and small business loans; and

WHEREAS, If this new agency were to become what its advocates have envisioned, it will be at least as large as the Internal Revenue Service; banks will have fewer and more expensive products to offer to their customers, and the credit needs of rural and urban citizens will be determined by an agency in Washington; and

WHEREAS, The Bureau of Consumer Financial Protection will also greatly increase compliance costs for community banks; smaller banks will see their compliance and employee costs increase by tens of thousands of dollars on an annual basis, resulting in millions of dollars in loans lost to area communities; furthermore, these new costs will drive down profitability and lead to the consolidation of the banking industry; fewer banks means less credit and fewer choices for borrowers across the state; and

WHEREAS, Even before the effective date of the Dodd-Frank Act, federal bank regulators have been examining banks and imposing sanctions that are harming credit availability; in the name of consumer protection and fair lending, the federal agencies are curtailing services, such as overdraft protection, that are wanted by bank customers; the limitation on bank service fees will increase costs for all consumer services and lead to the end of offerings such as free checking; during fair lending examinations, banks are being told that discrepancies of a few cents in the charging of interest rates can lead to referrals to the U.S. Department of Justice; this has led to a chilling effect and a reluctance by community banks to make small consumer and business loans; and

WHEREAS, Another example of federal intervention in the pricing of financial products is the rate caps placed on interchange fees for debit cards; the Dodd-Frank Act takes the pricing of these services from the marketplace and places it in the hands of the Federal Reserve; the most recent proposal from the Federal Reserve would so severely restrict interchange fees that banks and credit unions will be unable to cover the full costs associated with providing checking accounts and debit cards; as a result, banks and credit unions will be forced to cease offering some debit and checking products and to increase fees on those they continue to provide; lower income citizens who have obtained greater access to affordable retail banking, partly because of interchange fees, will have less access to traditional institutions and be forced to go back to the less regulated "shadow" banking system with its increased costs; now, therefore, be it

NOW, THEREFORE BE IT RESOLVED, the National Conference of State Legislatures hereby respectfully urge the Congress of the United States to repeal the Dodd-Frank Wall Street Reform and Consumer Protection Act; and, be it further

RESOLVED, that a copy of this resolution be sent to all members of the 112th Congress and the President of the United States.