



Strong Banks, Strong Communities

NCBA Membership Demographics

- **91 banks** doing business in NC with **90,547 employees**
- **41 banks** domiciled in NC (two mergers pending)
- **Median Asset Size - \$436 million** (largest \$3.2 trillion, smallest \$15 million)
- **33%** of NC domiciled banks are mutuals
- **2,147 branches** in all 100 NC counties (20% in Tier I counties)
- Financial sector accounts for **22.5%** of the state's corporate income tax revenue (**#1 sector**), and **16.5%** of the state's franchise tax revenue (**#2 sector**).

NCBA Priority Issues

North Carolina General Assembly

- **Commissioner of Banks Confirmation**
- **Credit Union Expansion**
- **ESG Legislation** (Environmental, Social, and Governance)
- **Monitoring or Negotiating Approximately 66 Bills** (out of 1,650 Bills Filed Since January; 113 Bills Have Become Law)

Congress

- **Accessing Credit in our Rural Communities Act (ACRE)**
- **Safe Banking Act**
- **Regulation of Digital Assets** (cryptocurrencies and stable coins)
- **Credit Card Competition Act (Durbin 2.0)**

North Carolina State Government



Governor Roy Cooper



Senate President Phil Berger



Speaker of the House Tim Moore

NC Office of Commissioner of Banks



Katie Bosken, Commissioner of Banks

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Commissioner of Banks Confirmation

- **4-year appointment by the Governor;**
subject to confirmation by joint resolution
- **Senate Joint Resolution 54 / Chaptered Resolution 2023-5** (to serve until March 31, 2027)

House Bill 410 ("Credit Union Update")

- Carolinas Credit Union League shared a draft with NCBA in early 2022 for discussion. (69 pages in length)
- Filed March 16, 2023, by co-sponsors Rep. Julia Howard (R-Davie, Rowan, Yadkin) and House Majority Leader Rep. John Bell (R-Wayne). (9 pages)
- Updates regulation and supervision of NC credit unions.
- Would create **open fields of membership** and **allow anyone, anywhere** to join an NC state-chartered credit union.
- Membership would also be open to “**corporations owned or controlled primarily by eligible individuals.**”

House Bill 410 (Continued)

- Would overturn a **1981 North Carolina Supreme Court case** upholding longstanding field of membership limitations.
- Would **expand commercial lending authority** and **add lending authority** to North Carolina cities.
 - As originally filed, authorized lending to any State, tribal government, or political subdivision thereof (cities and counties) nationwide.
- Would **expand membership** to individuals / families at or below the federal poverty threshold and to persons in census tracts more than 8 miles from a bank branch.
 - As originally filed, membership open to anyone in "underserved areas" as defined by the Federal Credit Union Act.

House Bill 410 Process and Status

- Passed the House 85-25 on April 27.
- Referred to the Senate Rules Committee on May 1 where it has remained ever since.
- Strategy = sustained pressure and education of elected officials.

Environmental, Social and Governance

NCBA Policy Statement on ESG

“We oppose policymaker efforts to use banks, through safety and soundness measures, to effectively regulate or reallocate capital to or from certain industries. Banks should be free to lend to, invest in, and generally do business with any entity or activity that is legal without government interference.”

ESG Legislation

- **House Bill 750** – "Address ESG Factors" / **Senate Bill 737**
 - Session Law 2023-64
- Down from what was once a raft of bills - **H 781 / S 369** (Fair Access to Financial Services Act) - penalty for a violation would have included the revocation of a bank's charter, **H 417** (Anti-Boycott Divestiture), **H 784** (Financial Institutions/ESG Factors)

Other NC Bills of Note

- **H 259 – 2023 Appropriations Act / the State Budget Bill**
 - "May" reduce the corporate franchise tax (NC General Statute 105-120.2).
 - Currently taxed at an annual rate of \$1.50 per \$1,000 of a corporation's tax base.
 - The House version proposed stepping down the rate (\$1.40 in 2025, \$1.30 in 2026, \$1.20 in 2027, \$1.10 in 2028, and \$1.00 after 2028).
 - Note: The corporate income tax is already set for a phaseout under prior law (in G.S. 105-130.3), going from 2.5% currently to 2.25% in 2025, 2% in 2026, 1% in 2028, and 0% after 2029.

Other NC Bills of Note (Continued)

- **H 259 (Continued)**

- Appropriation for "NCInnovation Reserve" - NC Senate proposed \$1.425 billion; compare to the House's version that proposed \$50 million.
- Reduction in personal income tax rate (G.S. 105-153.7); already scheduled to decline to 3.99% after 2029); Senate proposes a scale of 4.75% in 2023, 4.5% in 2024, 3.99% in 2025 and 2026, 3.5% in 2027, 3.25% in 2028, and 2.49% after 2029 (the House proposed only a reduction to 4.5% in 2024 and 2025 but keeping the schedule otherwise and minor tweaks to the standard deduction (G.S. 105-153.5)).

Other NC Bills of Note (Continued)

- **H 181 (Unclaimed Property Division Changes) / Session Law 2023-88**
 - Authorizes use of a 3rd party in sending required written notices (before escheatment) to the apparent owner's address.
- **H 600 (Regulatory Reform Act of 2023)**
- **H 48 (Disapprove Appraisal Board Rules)**
- **H 469 (Foreclosures/Extend Servicemember Protections)**
- **H 481 (Modernize Debt Settlement Prohibition)**
- **H 542 (HOA Revisions/Foreclosure Trustee Auctions)**
- **H 561 (NC Coerced Debt Relief Act)**

Other NC Bills of Note (Continued)

- **H 741** (Modify/Nonprofits & Charitable Solicitation)
- **H 873** (Modernize Income Tax of Trust and Estates)
- **S 3** (NC Compassionate Care Act)
- **S 176** (Consumers in Crisis Protection Act)

NCBA Priority Issues

Congress

- Accessing Credit in our Rural Communities Act (ACRE)
- Safe Banking Act
- Credit Card Competition Act (Durbin 2.0)
- Regulation of Digital Assets (cryptocurrencies and stable coins)
- Fair Access to Banking Act – prohibits violators from using the Federal Reserve's discount window.
- Bank Failures and Potential Public Policy Responses

The Banking Advocacy Network



American
Bankers
Association®



INDEPENDENT COMMUNITY
BANKERS *of* AMERICA®

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Rep. Patrick McHenry,
Chairman (R-NC10)



Rep. Maxine Waters,
Ranking Member (D-CA43)



Rep. Wiley Nickel,
Ranking Member (D-NC13)

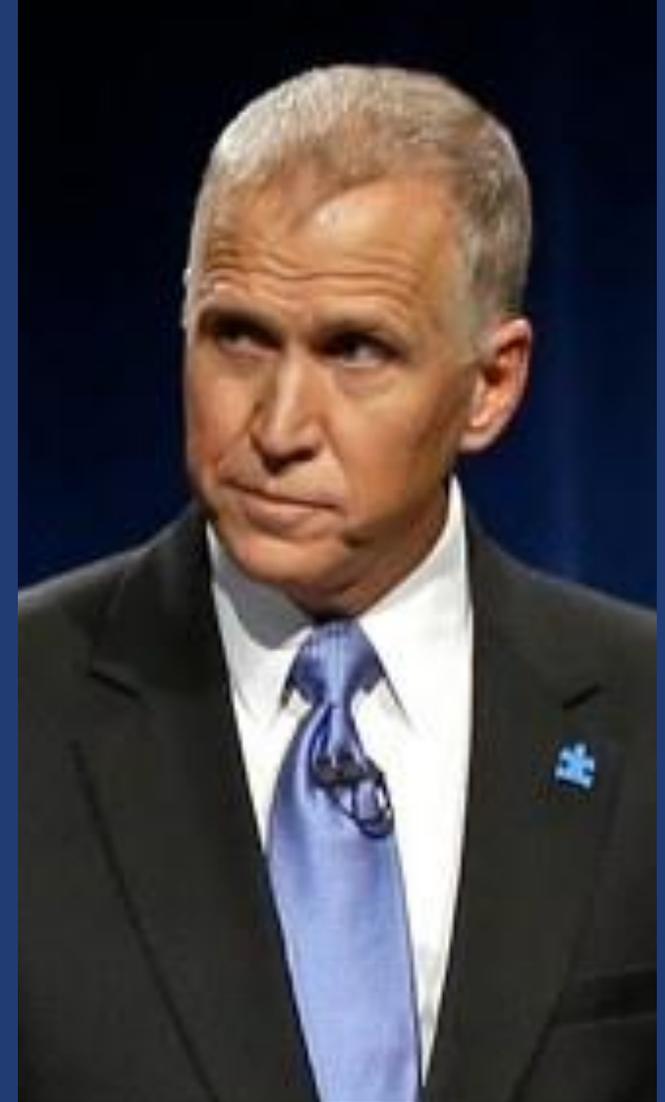
House Committee on Financial Services



Sen. Sherrod Brown,
Chairman (D-OH)



Sen. Tim Scott,
Ranking Member (R-SC)



Sen. Thom Tillis,
(R-NC)

Senate Banking Committee

NCBA Priority Issues

ACRE Act (H.R. 3139/S. 2371)

- The Accessing Credit in our Rural Communities Act will help sustain and grow rural America by making it easier for farmers, ranchers and rural homeowners to access low-cost credit.
- Exempts from federal income tax the interest income earned on loans secured by real estate in towns with populations no larger than 2,500.
- 478 of 776 NC Towns have populations no larger than 2,500.
- Includes mortgages of \$750,000 and less in qualifying rural communities.
- Estimated to save farmers and ranchers \$950 million on loans secured by farmland, and \$200 million for rural homeowners.
- NC co-sponsors include lead Democrat co-sponsor Rep. Nickel (D-13), Rep. Ross (D-02), Rep. Davis (D-01), and Rep. Hudson (R-09)

NCBA Priority Issues

SAFE Banking Act (H.R. 2891 /S. 1323)

- Thirty-seven states, the District of Columbia, Guam and Puerto Rico have all legalized the use of marijuana to some degree. Yet the possession, distribution or sale of marijuana remains illegal under federal law, which means any contact with money that can be traced back to state marijuana operations could be considered money laundering and expose a bank to significant legal, operational and regulatory risk.
- Passed in the House numerous times only to be blocked in the Senate.
- May 2023 NCBA, ABA and state bankers associations sent a joint letter to Congressional leadership encouraging passage of the bill.

NCBA Priority Issues

Stablecoin Regulation & Supervision

- Draft legislation by House Financial Services Committee Chairman Patrick McHenry (R-N.C.) would allow state banking regulators to approve and supervise stablecoin issuers.
- ABA, ICBA, NCBA and state bankers associations sent letters to members of the House Financial Services Committee expressing concern that the draft legislation would provide an unlevel playing field between stablecoin issuers and banks. Licensing and approval of stablecoins would be exclusively in the hands of state regulatory agencies, with no federal oversight.

NCBA Priority Issues

Fair Access to Banking Act (S. 293)

- Introduced by Rep. Andy Barr (R-KY), Chairman of the House Financial Services Subcommittee on Financial Institutions and Monetary Policy.
- The Fair Access to Banking Act would prohibit banks from denying access to financial services based on political, environmental or social reasons.
- Amends the Federal Reserve Act to prohibit violators from using the Federal Reserve's discount window.
- Similar to legislation introduced in North Carolina (H. 781, H. 784)

NCBA Priority Issues

Credit Card Competition Act (S.4674/H.R. 8874)

- Implements a similar process for credit cards that the Durbin amendment created for debit cards after the passage of Dodd-Frank (Durbin 2.0).
- A study by the Federal Reserve Bank of Richmond found after the Durbin Amendment was implemented that 98.8% of merchants failed to passthrough savings realized from debit regulation to consumers.
- NCBA, ABA and state bankers associations sent a joint letter to Congressional leadership on December 7, 2022.
- Coalition of 10 national financial services associations sent a joint letter to Congressional leadership on May 10, 2023.
- Sens. Tillis and Budd oppose.



In Summary...

- **YOU make the difference in NCBA advocacy efforts!**
- **Credit Unions and ESG** will continue to be major policy issues in Congress and the General Assembly.
- **Please join NCBA in Washington D.C.**
 - ABA Washington Summit – March 18-20, 2024
 - ICBA Capital Summit - TBA
- **Effective advocacy is all about relationships and trust.**
- **NC BankPAC fundraising to date = \$58,135.41**
 - NCBA raised \$108,000 in 2022
 - Need \$110,000 or more in 2023



NCBANKPAC
Political Action Committee for the NC Banking Industry

The logo features a stylized American flag on the left, with a white star on a blue field and red and white stripes. To the right of the flag, the text 'NCBANKPAC' is written in a large, bold, sans-serif font. 'NC' is in dark blue, 'BANK' is in dark blue, and 'PAC' is in red. Below the main text, the full name 'Political Action Committee for the NC Banking Industry' is written in a smaller, dark blue, sans-serif font.

To make a contribution, scan the QR code to the left or visit: bit.ly/ncbankpac
(Password is **NCBA**)

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Thank you!

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