

By: Flynn, Chisum, et al.

H.C.R. No. 94

Substitute the following for H.C.R. No. 94:

By: Pitts

C.S.H.C.R. No. 94

HOUSE CONCURRENT RESOLUTION

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

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

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

1 and

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

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

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

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

16 RESOLVED, That the 82nd Legislature of the State of Texas
17 hereby respectfully urge the Congress of the United States to
18 repeal the Dodd-Frank Wall Street Reform and Consumer Protection
19 Act; and, be it further

20 RESOLVED, That the Texas secretary of state forward official
21 copies of this resolution to the president of the United States, to
22 the president of the Senate and the speaker of the House of
23 Representatives of the United States Congress, and to all the
24 members of the Texas delegation to Congress with the request that
25 this resolution be entered in the Congressional Record as a
26 memorial to the Congress of the United States of America.