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H.C.R. No. 26

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 and increases the size of the federal government
10 by creating 13 new regulatory agencies; supporters of the
11 legislation claim that it will equip federal regulators with powers
12 to prevent another financial debacle like the country experienced
13 from 2007 through 2009, but in reality, the bill sets up a
14 regulatory regime that allows "Too Big to Fail" banks and Wall
15 Street to continue to avoid adequate scrutiny while it punishes
16 traditional Texas banks that had nothing to do with the recent
17 crisis; and

18 WHEREAS, Established to regulate all consumer financial
19 services in the United States, the new Consumer Financial
20 Protection Bureau will receive hundreds of millions of dollars in
21 annual funding from the Federal Reserve System and is not subject to
22 congressional oversight through the appropriations process; it has
23 been granted the power to decide what types of financial products
24 can and cannot be offered, as well as the power to set prices for

1 consumer loans, mortgages, and small business loans; and

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

7 WHEREAS, The Consumer Financial Protection Bureau will also
8 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 mean less credit
14 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 began examining banks and imposing
17 sanctions that have harmed credit availability all over Texas; in
18 the name of consumer protection and fair lending, the federal
19 agencies have curtailed 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; severe restrictions on interchange
6 fees could leave banks and credit unions unable to cover the full
7 costs associated with providing checking accounts and debit cards
8 and force them to cease offering some debit and checking products
9 and to increase fees on those they continue to provide; lower income
10 Texans who have obtained greater access to affordable retail
11 banking, partly because of interchange fees, would have less access
12 to traditional institutions and be forced to go back to the less
13 regulated "shadow" banking system with its increased costs; now,
14 therefore, be it

15 RESOLVED, That the 83rd Legislature of the State of Texas
16 hereby respectfully urge the Congress of the United States to
17 repeal the Dodd-Frank Wall Street Reform and Consumer Protection
18 Act; and, be it further

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