

[Floor Situation](#) | [Summary](#) | [Background](#) | [Cost](#) | [Staff Contact](#)

## [H.R. 3791, to raise the consolidated assets threshold under the small bank holding company policy statement, and for other purposes](#)

### FLOOR SITUATION

On Thursday, April 14, 2016, the House will begin consideration of [H.R. 3791](#), to raise the consolidated assets threshold under the small bank holding company policy statement, and for other purposes, under a rule. H.R. 3791 was introduced on October 21, 2015 by Rep. Mia Love (R-UT), and was referred to the Committee on Financial Services, which ordered the bill reported by a vote of 33 to 21 on December 9, 2015.

### SUMMARY

H.R. 3791 would require the Federal Reserve Board to apply its Small Bank Holding Company Policy Statement to banks and savings and loan holding companies with pro forma consolidated assets of less than \$5 billion. The Small Bank Holding Company Policy Statement currently applies to bank holding companies with assets less than \$1 billion.

In addition, the bill amends Section 171 of the Dodd-Frank Act to clarify that the exemption it grants to small bank holding companies for minimum leverage and risk-based capital requirements must also be applied to qualifying savings and loan holding companies.

### BACKGROUND

The Federal Reserve Board (Board) subjects bank holding companies (BHCs) to consolidated, risk-based and leverage capital adequacy guidelines to ensure BHCs are able to serve as a source of strength for their insured depository subsidiaries. As part of these guidelines, the Board generally discourages the use of debt by the BHCs to finance the acquisition of banks or other companies; however, the Federal Reserve acknowledges that the transfer of ownership of small banks to small bank holding companies (SBHCs) often requires the use of acquisition debt.<sup>1</sup>

---

<sup>1</sup> See 80 FR 5694

As a result, in 1980, the Board created an exemption for qualifying SBHCs from the BHC capital guidelines – the Small Bank Holding Company Policy Statement.<sup>2</sup> The Policy Statement allows for the formation and expansion of SBHCs with debt levels that are higher than what would be permitted for larger BHCs. In 2015, the Board implemented [Public Law 113-250](#), which raised the Small Bank Holding Company Policy Statement threshold at \$1 billion as long as the BHC meets certain qualitative requirements.

Companies that are subject to the Policy Statement are also exempt from Section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 171 requires that BHCs and nonbank financial institutions operate under capital standards that apply to federally insured depository institutions.<sup>3</sup>

H.R. 3791 clarifies that the Section 171 exemption for small bank holding companies must also be applied to qualifying savings and loan holding companies.

### **COST**

The Congressional Budget Office (CBO) [estimates](#) that enacting this legislation could affect direct spending and revenues, pay-as-you-go procedures apply. However, CBO estimates that the net effects would be insignificant.

### **AMENDMENTS**

### **STAFF CONTACT**

For questions or further information please contact [Robert Goad](#) with the House Republican Policy Committee by email or at 6-1831.

---

<sup>2</sup> See 12 C.F.R., Appendix C to Part 225

<sup>3</sup> See 12 U.S. Code § 5371