

VIRGINIA BANKERS ASSOCIATION

VBA COMMITTEES

Agenda

VBA Government Relations Committee
Wednesday September 4, 2024 10:30am
VBA Office

Mission Statement:

To protect and defend the interests of Virginia's banking industry through active support of the VBA's political and legislative efforts.

- I. Welcome & May Minutes
- II. State Legislative & Advocacy Update
 - Fall State Legislative Meetings
 - Sept 17 – [Abingdon Breakfast](#)
 - Sept 18 – [Roanoke Breakfast](#)
 - Sept 23 – [VA Beach Lunch](#)
 - Sept 25 – [Harrisonburg Lunch](#)
 - Sept 27 – [Richmond Breakfast](#)
 - Oct 16 – [NoVA Breakfast](#)
 - Potential 2025 Legislation
 - 2025 Banker Day – January 9th
- III. Federal Legislative, Regulatory & Political Update
- IV. BankPAC
 - Current Financials
 - 2024 BankPAC Campaign Feedback
 - Federal Contributions
- V. Open Forum
- VI. Adjourn

**Minutes of the
Virginia Bankers Association
Government Relations Committee
Thursday May 2, 2024 at 10:30 a.m.
Via Zoom**

Committee Participants:

Robert Wood, Jimmy Burke, Bobby Cowgill, Trent Dudley, Dennis Dysart, Patricia Gallagher, Goley Hervey, Adam Hill, Rob Shuford, Matthew Steilberg.

VBA Staff & Guests:

Matt Bruning, DeMarion Johnston, Henry Watkins, and Bruce Whitehurst.

Welcome & Minutes

Chairman Wood called the meeting to order and welcomed everyone. With one edit recommended, on the motion of Mr. Dysart, seconded by Mr. Cowgill, the minutes from the March meeting were approved as amended.

Federal Legislative Update

Mr. Bruning covered current federal legislative and regulatory priorities, including ensuring amendments on interchange are not included on the FAA reauthorization bill. Also discussed were a grassroots alert and VBA comment letter on debit interchange from the Federal Reserve, pending litigation on credit card late fee regulation, CRA, 1071 and UDAAP exam manuals. All of those are tied to a pending US Supreme Court decision on the constitutionality of the CFPB's structure.

Mr. Watkins reviewed the Washington Summit from March. He noted the great programming from the ABA. The meetings with the congressional delegation or their staff went well and covered credit union oversight, interchange and bank fees. Chair Wood noted that Mr. Watkins did an admirable job guiding the group in the absence of Mr. Bruning. The awkward configuration of the room in Cannon and the lack of actual House members in town to meet with was raised as things to be addressed for future meetings.

State Legislative & Advocacy Update

Mr. Bruning noted that the General Assembly had adjourned after considering 1,600 bills, including 150 vetoes from the Governor. Because there was not a resolution on the budget with the General Assembly not considering the Governor's 115 budget amendments, there will be a special session called soon to finalize a spending plan. The VBA continues to monitor budget issues, including funds for the Tax Department to finalize systems upgrades to support online franchise tax filings, proposed sales tax application to technology services, and other budgetary issues.

BankPAC

The financials as of March 30, 2024 were presented. On the motion of Mr. Dysart, seconded by Mr. Dudley, the financials were accepted as presented.

Chairman Wood noted the 2024 BankPAC campaign launched in early March and Mr. Watkins has been coordinating communications with grassroots coordinators. He noted the current progress towards the goal and individual banks' contribution levels in the material contained in the committee packet. Mr. Watkins noted the May 27th deadline to turn in contributions in order to be included in the total announced at the VBA Annual Convention in early June. Mr. Bruning noted that VBA staff is happy to

speak with board directors or bank officers about BankPAC throughout the year. Chair Wood encouraged the Committee to sprint to the finish of the campaign and get all contributions turned in to complete another successful campaign.

Grassroots Advocacy Events

Chairman Wood noted that dates and locations for the fall regional state legislative meetings are finalized except for Northern Virginia and Virginia Beach. Registration will open later this summer.

Other Business

Chairman Wood congratulated Mr. Lorey as the incoming Committee Chair and expressed his appreciation for the support during his term. There being no further business, the Committee adjourned.

Minutes prepared by:
Matt Bruning

State

LEGISLATIVE MEETINGS

VIRGINIA BANKERS ASSOCIATION



The Virginia banking industry remains **strong, resilient and well-positioned** to continue meeting the financial needs of Virginians. Banks remain focused on **servicing their customers**, providing them a **safe place** for their deposits and delivering financial products and services to help them **reach their financial goals**.

JOB



Employees

58,433



Total Compensation & Benefits

\$7.8 billion

GIVING BACK



Volunteer Hours

284,000



Community Donations

\$77.1 million

CUSTOMERS



Total Customers

5.7 million



Total Deposits

\$381 billion



Banks Operating Branches

115



Branches & Offices

1,932

LEADING THROUGH LENDING



Small Business Loans

\$14.5 billion



Small Farm Loans

\$1 billion



New Home Loans

\$43.4 billion



Median Loan Size

\$345,000

REACHING THE UNBANKED & UNDERBANKED



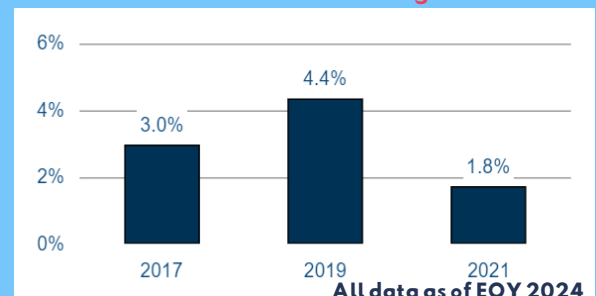
According to national data from the FDIC, Virginia has the **seventh-lowest percentage** of unbanked persons.



Number of Branches Offering "Bank On-Certified Accounts"

1,159

Unbanked Rates in Virginia



PREVENTING FRAUD

The VBA Supports: Aggressive state and federal action to stop the growing threat of financial fraud in our communities.

What's Happening: Banks invest heavily in high-tech security for online banking. Stymied fraudsters have turned to stealing mail from postal workers, postal vehicles and mailboxes to commit check fraud.

- **Check fraud is quickly becoming one of the largest forms of financial fraud** in the United States, with reported incidents more than tripling over the last five years, now making up more than one-third of all financial fraud cases.
- **Thieves take advantage of inconsistent federal enforcement and gaps in state-level criminal penalties** to shirk prosecution for major theft, praying particularly on the elderly and other vulnerable members of the community.

Our Ask: Support legislation creating state-level crimes and strong criminal penalties for mail theft and check fraud to help prosecutors and law enforcement stop check fraud crime rings.

SAFEGUARDING SENIORS

The VBA Supports: Continued efforts to protect seniors, prevent financial exploitation and prosecute scammers.

How Banks Are Helping: Banks help identify and combat fraudsters and bad actors who prey upon older Virginians.

- **The VBA offers training and resources** for bank employees to identify and report suspected elder financial exploitation to Adult Protective Services (APS), law enforcement and the U.S. Department of the Treasury.
- **Virginia banks are active in their communities** by providing resources and educating seniors, caregivers, and customers on how to avoid fraud and scams.
- **The VBA recently supported the passage of legislation** giving banks an important tool to support family and community intervention in elder financial exploitation before the money leaves the account, and continues to provide statewide training for our bankers on how to identify, curb and report elder financial exploitation.

Our Ask: Support efforts to combat elder financial exploitation through appropriate state agency and law enforcement actions, without increasing burdens and liability on already well-trained, dedicated frontline bankers.

PROTECTING YOUR ELECTRONIC PAYMENTS

The VBA Supports: A well-functioning global payments ecosystem, where consumers benefit from safe, reliable, and established protocols from regulated financial services providers.

What's Happening: Big box retailers are pushing to increase their booming profits by eliminating the state and local sales tax portion from interchange fees which would completely upset the functioning global electronic payments system. **All of this at the expense of small businesses** not equipped to manage an entirely new means to process electronic payments transactions.

- **Credit and debit card interchange**, the marginal fees retailers pay on each purchase to fund the operation and security of payment networks they utilize, is under attack by large merchants.
- **Government intervention in interchange fees** reduces banks' ability to provide services to their customers, as they shift resources from valuable and critical programs like credit card rewards, fraud prevention and new product development.

Our Ask: Oppose any efforts to alter, complicate or interject governmental restrictions or exemptions into the payment system and decline requests from retailers to patron bills on issues currently being litigated in Federal Court.

LEVELING THE PLAYING FIELD FOR ALL FINANCIAL INSTITUTIONS

The VBA Supports: If credit unions and other non-bank institutions want to act like banks, common sense dictates that they should be taxed and regulated like banks.

What's Happening: Virginia banks are heavily regulated for safety and soundness and pay millions in taxes to support our teachers, first responders and infrastructure.

- **The credit unions' tax exemption is outdated** and no longer justified as they become indistinguishable from the banking industry, expanding at taxpayers' expense.
- **Credit unions and other non-bank financial service providers** should be subject to similar state regulatory oversight when offering similar financial services.

Our Ask: Oppose any further efforts to expand credit union authority, including increasing their already broad scope of membership, attempting to hold taxpayer funds in the form of public deposits and circumventing their existing limits on business lending.



Taxes Paid Annually by an Average Virginia Resident Making \$81,313/Year

State: \$4,417 Federal: \$15,122



Income Taxes Paid Annually by Credit Unions

State: \$0 Federal: \$0

FOUR TIMES TO REACH OUT TO THE VBA AFTER TODAY

Banking Industry Knowledge:

As the voice of the banking industry, the VBA can provide you with resources and information in the following areas of banking and more:

- Small Business Lending
- Agricultural Lending
- Mortgage Banking
- Payments
- Trust and Wealth Management
- Regulatory Compliance

Other Issues Impacting Banking*:

Through our partner organizations, Endorsed Providers and Associate Members, we can connect you with subject matter experts in areas including:

- Technology (Fintech, Artificial Intelligence, Blockchain)
- Cybersecurity/Fraud/Security/Risk Management
- Insurance
- Accounting/Audit/Tax
- Economic Development

**If you are approached with a legislative proposal addressing a facet of the above industries, the VBA is happy to review the proposal for potential industry impact, share institutional knowledge on the issue, and connect legislators with subject matter experts to assist their work in addressing the underlying concern.*

Financial Literacy Resources and Information:

The VBA can provide you with information about banks' financial literacy efforts, connect you with a banker who can make a presentation at a school in your community or a community event, and provide you with tools such as budgeting resources and worksheets, apps, credit report sites, sample lesson plans and more, which you can pass along to your constituents as necessary.

Bank Connections:

If your constituent is having an issue with their bank, please let us know and we can connect you to the appropriate person at the bank in question. We would be glad to save you the time and effort of wondering how to help a constituent or where to send them.

CONTACT US

Matt Bruning, EVP, Government & Member Relations - mbruning@vabankers.org
Henry Watkins, Government Relations Manager - hwatkins@vabankers.org
Bruce Whitehurst, President & CEO - bruce@vabankers.org

www.vabankers.org

VIRGINIA BANKERS
ASSOCIATION



2025 General Assembly Potential Legislation

1. **Credit Union Expansion** – The VA Credit Union League (VCUL) was unsuccessful in their efforts to authorize credit unions to become qualified public depositories in the 2024 session. However, VCUL will have new leadership by the 2025 session and might want to revisit that fight or attempt other expansive proposals. Other potential proposals VCUL could pursue include revision of the current 3,000 member expansion threshold that was central to our successful SCC appeal, provide the ability to acquire banks or bank assets, and make it easier for credit unions to expand into “underserved” areas. The VBA will strongly oppose any effort by the credit unions to expand their authority.
2. **Mail Theft Penalties** – While the existing Virginia statute includes criminal penalties for larceny, there is no specific state-level crime on mail fraud. As a federal offense, it is rare for prosecution to occur unless the loss value is significant, meaning isolated or lower dollar crimes are not being fully pursued by law enforcement knowing that prosecution is unlikely. With mail theft and resulting check fraud increasing, it is harmful to banks that these crimes are occurring without true fear of punishment. The VBA recommends introducing legislation to create a state-level mail fraud crime with local prosecutorial authority.
3. **Elder Financial Abuse** – Legislators remain interested in pursuing further state law to prevent elder financial exploitation. The VBA will continue to oppose blanket mandatory reporting, training and other requirements on banks.
4. **Interchange** – Frustrated by having their efforts thwarted in Congress, retailers have been attempting to attack credit card interchange fees in the states. Recently, they were successful in Illinois in removing the imposition of interchange fees on the sales tax portion of a transaction. Payment systems are not structured to break out that information and implementation would be costly to both banks, networks and all but the largest merchants. The banking industry is pursuing legislative and litigation efforts to reverse the outcome in Illinois, but merchants may feel emboldened by that victory and seek similar legislation in other states. Like the federal fight, this is simply a money grab by the big box retailers and online merchants. The VBA would oppose any effort on shifting interchange responsibilities.
5. **CDFI Fund** – The General Assembly codified the CDFI Fund in 2023. The Fund, which provides grants to capitalize community development financial institutions, has received inconsistent funding since its inception. The VBA, as part of the CDFI Coalition, will continue to advocate for further funding support.
6. **Housing Opportunity Tax Credit** – The state level Housing Opportunity Tax Credit – modeled after the federal LIHTC program – is set to expire on January 1, 2026. In order to provide continued consistency and clarity to developers and investors, the credit should be extended. There are likely to be other proposed changes to the program, including ones that significantly increase the cost of the program to the Commonwealth. The VBA should support extending the sunset date for the program and evaluate other potential enhancements to the program.

7. **Artificial Intelligence** – Legislation introduced in the 2024 session would have created standards for the development and deployment of artificial intelligence to protect against discrimination and require disclosures and assessments. The bill was not enacted but sent for additional study by the Joint Commission on Technology and Science. Consistent with the industry’s comments on AI governance at the federal level – where this is best addressed – the VBA will oppose subjecting banks to AI-related requirements beyond what are incorporated into the existing federal banking regulatory and supervision framework.
8. **Corporate Ownership of Residential Property** – Legislation was introduced in the 2024 session that would have prohibited large corporate investors from purchasing residential property in the Commonwealth. The legislation is in response to the concern over out-of-state investment conglomerates buying single family homes in VA and turning them into rental units, believing that this practice is driving up the cost of housing, taking affordable housing stock off the market, and squeezing existing homeowners from their neighborhoods. While the bill did not pass, leaders from both parties indicated a desire to identify similar but workable approaches. The VBA will continue monitoring those discussions with an eye towards ensuring no conflicts with fair lending laws or complications with title.
9. **Non-Compete Agreements** – Legislation in 2024 proposed eliminating most uses of non-compete clauses in employment agreements. The Federal Trade Commission adopted similar rules for companies subject to the FTC, which has been subject to litigation and a recent ruling stopped implementation and enforcement of the rule. While banks are not directly subject to FTC oversight, the FTC claims authority over holding companies and subsidiaries and federal banking agencies may enforce FTC rules. Banks of all sizes judiciously utilize non-compete clauses with their employees. The VBA should oppose broad bans on these clauses.

Virginia BankPAC
For the Period Ending June 30, 2024

	Federal Election Fund	6/30/2024 State Election Fund	Total	Federal Election Fund	12/31/2023 State Election Fund	Total
Receipts						
Contributions from participants	\$ 135,212	\$ 184,176	\$ 319,388	\$ 223,163	\$ 237,516	\$ 460,679
Interest income	4,817	-	4,817	2,557	1	2,558
Total Receipts	140,029	184,176	324,205	225,720	237,517	463,237
Disbursements						
Contributions to Candidates	1,500	92,500	94,000	-	332,071	332,071
Contributions to PACs	-	-	-	110,000	-	110,000
Contributions - Other	-	-	-	10,000	-	10,000
Compliance Services	-	12,833	12,833	-	2,333	2,333
Promotional items/in-kind contributions	-	2,333	2,333	-	3,227	3,227
Travel, entertainment & meeting expenses	-	2,288	2,288	-	7,792	7,792
Industry Sponsorships	-	2,500	2,500	-	2,500	2,500
Office supplies & printing	-	5,774	5,774	-	1,267	1,267
Audit & tax fees	-	4,000	4,000	-	10,500	10,500
Miscellaneous expenses	1,571	558	2,129	2,328	455	2,783
Tax Expense	-	663	663	-	68	68
Total Disbursements	3,071	123,449	126,520	122,328	360,213	482,541
Excess (deficiency) of receipts over disbursements	136,958	60,727	197,685	103,392	(122,696)	(19,304)
Transfers between State and Federal	(30,000)	30,000	-	(110,000)	110,000	-
Cash and cash equivalents Beginning of year	395,266	26,685	421,951	401,874	39,381	441,255
Cash and cash equivalents-end of period	\$ 502,224	\$ 117,412	\$ 619,636	\$ 395,266	\$ 26,685	\$ 421,951

2024 Election Cycle - Virginia ABA BankPAC Budget & Disbursements

First Name	Last Name	State	District	Party	Divisional Budget	Total Budget	Total Disbursement	Remaining Budget	Notes
Don	Beyer	VA	8	Democratic	Reelect	\$5,000	\$1,000	\$4,000	Ways & Means
Ben	Cline	VA	6	Republican	Reelect	\$10,000	\$5,000	\$5,000	Approps; Judiciary
Gerry	Connolly	VA	11	Democratic	Reelect	\$5,000	\$5,000	\$0	
Bob	Good	VA	5	Republican	Reelect	\$0	\$0	\$0	Lost Primary
Morgan	Griffith	VA	9	Republican	Reelect	\$10,000	\$7,500	\$2,500	Commerce
Jen	Kiggans	VA	2	Republican	Reelect	\$5,000	\$2,500	\$2,500	
Jennifer	McClellan	VA	4	Democratic	Reelect	\$2,500	\$1,000	\$1,500	
Bobby	Scott	VA	3	Democratic	Reelect	\$2,500	\$1,000	\$1,500	
Abigail	Spanberger	VA	7	Democratic	Reelect	\$0	\$0	\$0	Not seeking re-election
Jennifer	Wexton	VA	10	Democratic	Reelect	\$0	\$0	\$0	Not seeking re-election
Rob	Wittman	VA	1	Republican	Reelect	\$10,000	\$7,500	\$2,500	
Tim	Kaine	VA		Democratic	Reelect	\$10,000	\$7,500	\$2,500	In Cycle Senate Seat