



MBA Advocacy Report

Michigan Bankers Association • 517-485-3600

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SBT Replacement Bill in the Works

As of December 31, 2007, the SBT will no longer exist. It will, however, be replaced by an alternative tax. Possibilities include a personal property tax, a general business tax or a bank-specific tax. While avoiding inclusion under the general tax umbrella might be wise, opting for a bank-specific tax may not be the best course for all banks. It is also important to note that a bank-specific tax is often easier for the legislature to increase.

The MBA is actively engaged in discussions with business leaders and legislators on this volatile issue. Watch for regular updates in future MBA communications.

Washington Delegation calls on Congressional Reps

This year 24 bankers from 20 Michigan banks joined the MBA Washington, D.C. delegation calling on 17 members of Congress. As a result of the MBA's enhanced grassroots involvement, MBA bankers met with as many congressional reps this year as they have in the past three D.C. delegations combined.

The meetings covered: Federal Deposit Insurance Reform, House Regulatory Relief, CURIA and Data Security legislation.

House Unanimously Passes Regulatory Relief Bill

The U.S. House last night passed by a 417-0 vote a revised regulatory relief bill (S 2856). The MBA Washington, D.C. delegation last week urged their congressional reps to support the bill.

According to ABA analysts, the legislation chips away at some of the burdens banks shoulder, but it's just the beginning of what needs to be done. The legislation will increase to about 1,000 the number of banks eligible for the extended exam cycle, and direct the regulators to develop an optional, simplified privacy notice to give institutions a safe harbor for compliance purposes.

The bill also includes a compromise measure on the Securities and Exchange Commission's Regulation B, which directs the SEC to work with the Federal Reserve Board to promulgate joint regulations implementing the Gramm-Leach-Bliley Act's "push-out" provisions, and to consult with the other federal bank agencies on those regulations. The Senate is expected to pass the bill quickly and send it to the president.

HMDA Information Released

The Federal Financial Institutions Examinations Council recently released the 2005 Home Mortgage Disclosure Act data on mortgage lending transactions at 9,949 financial institutions. Although differences in the higher-priced lending between racial and ethnic

groups increased from 2004 to 2005, take note that factors such as changes in the interest rate environment and changes in lenders' business practices as well as variations in consumers' borrowing practices or credit risk profiles can account for a number of increases. For an in-depth analysis by ABA along with talking points and tips for dealing with the media, click [here](#).

You may also refer any media calls on HMDA to Gail Madziar at the MBA 517-342-9059.

CURIA Gets Additional Sponsor in Congress

The number of co-sponsors for HR 2317, legislation to expand credit union business lending authority, now stands at 125. Rep. Sander Levin (D-Mich.) was added as a co-sponsor. If you have not contacted your representative to stay off the bill, we encourage you to do so. To send a letter click [here](#).

MBA Pushes Trust Fix

MBA-initiated legislation introduced by Rep. David Law addresses the need for clarity in the Michigan Banking Code regarding trust issues. The bill (HB 6299) has passed the House and will be referred to the Senate Committee on Banking and Financial Institutions when the Senate reconvenes after the November elections.

Currently, the statute reads that a fiduciary may charge a reasonable fee for its services. The proposed change includes additional language to further define and provide guidance as to what is a reasonable fee. Many judges are arbitrarily reducing the fees paid to banks for their services after the services have been provided. This amendment would state that a fee is reasonable if it is specified in an accepted fee schedule.

The second part of the legislation addresses the bank's ability, as fiduciary, to purchase services or investments through itself or an affiliate without violating the rules against self-dealing. The current statute allows the bank to purchase services or investments through itself or an affiliate only by law, court order, trust terms or agreement of all interested parties.

Bills Combat Mortgage Fraud

A package of bills attempting to combat mortgage fraud has also passed through the House and is waiting for referral to Senate committee. The bills will increase criminal penalties and make additional funds available to the attorney general's office for prosecution. Specifically, the legislation is aimed at limiting mortgage fraud through inflated appraisals. The MBA continues to work with lawmakers as the bills move through the Senate.

Contact Congress—Help Prevent the Mixing of Banking and Commerce

Please contact your congressional representative and urge them to co-sponsor (HR 5746), the Industrial Bank Holding Company Act of 2006. Introduced by Congressmen Paul Gillmor (R-Ohio) and Barney Frank (D-Mass.), this proposed legislation would change a provision in our banking laws and prohibit new commercial firms from acquiring industrial loan companies (ILCs). To send a letter click [here](#).