

FEDERAL-STATE LEGISLATIVE UPDATE

Maximizing Mutuality Conference 2023

Empowering community banks to make a positive impact within the communities they serve.



Allie Kutz
Director of Government Relations
Contact: allie@pacb.org



Kevin Shivers
President and CEO
kevin@pacb.org



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PACB is a key influencer in politics and reasonable regulation that creates an equitable, competitive marketplace for community banking. Strategic Outcome: Advocate for a simpler, fair regulatory system that promotes competition

To learn more, please visit pacb.org



PACB /Pē'ā'cē'bē/ Verb “To make a positive impact on the careers of banking professionals and their customers using training, networking, and advocacy perfected by shared experiences unique to community bank culture”

PACB STRATEGIC ADVOCACY PLAN FOR 2023-2024

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Strategic Outcome: Advocate for a simpler, fair regulatory system that promotes competition

A good first impression is critical

- Over 60 new lawmakers (23% of the Legislature)
- Build relationships by explaining how community banks make a positive impact
- Be a resource to help new lawmakers achieve their goals
- Explain how community banks serve and protect consumers
- Help new lawmakers understand how banks help to drive local economy
- Involve local lawmakers in banks' community service

Tactics:

- Seminar Series: consumer protection, economic development, financial literacy
- Local meetings in district reinforcing PACB staff work at the Capitol
- Networking events at home and in Harrisburg



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PACB IS AMPLIFYING YOUR VOICE IN WASHINGTON, D.C.

PRIORITIES FOR THIS SESSION:

- No special assessment to clean-up big-bank failures
- Eliminate onerous small business lending rules (Section 1071 rule)
- Strengthen guaranteed lending, crop insurance in 2023 Farm Bill
- Protect direct bank-SBA lending and oppose fintech SBA lending
- Curb or eliminate tax subsidies for rapid-growth credit unions
- Make individual provisions of the Tax Cuts and Jobs Act permanent
- Fight the Biden administration’s unfair assault on fees for services

**Showcase the stability and value of the
community banking industry.**



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WASHINGTON IN REVIEW



Sen. Robert Casey, Jr.



Sen. John Fetterman



Rep. Dan Meuser



Rep. GT Thompson

US Senate: Democrat Control 48 Democrats, 49 Republicans, 3 Independents

US House of Representatives: Republican Control 222-213

Pennsylvania Congressional Delegation

- Democrats 9-8
- GT Thompson, Chairman House Agriculture Committee
- Thompson will oversee 2023 Farm Bill
- Dan Meuser named to House Financial Services Committee
- Madeleine Dean no longer serves on House Financial Services Committee
- Sen. Casey committee assignments include Finance, HELP, Intelligence, and Aging (Chair)
- Sen. Fetterman assigned to Senate banking committees

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OPPORTUNITIES & CHALLENGES IN 2023-24

Shapiro Administration

- Focus on consumer protection
- Access for all
- Digital and non-deposit
- Expanded CDFI and MDI opportunities
- **PACB Member Roger Zacharia** served on Shapiro transition advisory team
- PACB regular meetings with Shapiro Administration

PACB priorities in 2023-24

- Elder financial abuse protection
- Financial literacy curriculum/standards
- Tax fairness for community banks

Concerns

- Government-run banking
- State-level CRA
- Expanded scope for credit unions
- Interchange fees



Roger Zacharia, Ambler Savings Bank

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PENNSYLVANIA

Statewide Offices

- Josh Shapiro, Governor (D)
- Stacy Garrity, State Treasurer (R)
- Tim DeFoor, Auditor General (R)
- Michelle Henry, Attorney General (D)

State Legislature

- PA House: Democrats 101-100 with 2 current vacancies (Special Election 5/16)
1 vacancy in Delaware Co. - 1 vacancy in Northumberland/Montour Counties
- 49 representatives serving their first term (29 Democrats and 23 Republicans)
- PA Senate: Republicans 28-22
- Seven senators serving their first term (5 Republicans and 2 Democrats)



Governor Josh Shapiro (D)



Lt. Gov. Austin Davis (D)



Acting Sec. Sarah Hammer
Banking and Securities



Speaker Joanna McClinton (D)



Fmr. Speaker Mike Rozzi (D)



Senator Kim Ward (R)
President Pro Tempore

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PACB IS AMPLIFYING YOUR VOICE IN HARRISBURG

PRIORITIES FOR THIS SESSION:

- Fair taxation through the Mutual Thrift Institutions Tax (MTIT)
- Remove “Goodwill Calculation” from the Bank Shares Tax
- Financial literacy standards to prepare future generation of students
- Empower banks to protect seniors against the financial exploitation
- Oppose legislation which would interfere with the relationship between lenders and borrowers
- Educate lawmakers on the stability and value of the community banking industry



LEVELING THE BUSINESS TAX “PLAYING FIELD” IN PA

Corporate Net Income Tax

- Rate 8.99 on Jan. 1, 2023
- Rate 4.99 on Jan 1, 2031
- 20-year loss carryforward, max 40% of taxable income
- Shapiro interested in accelerating reduction

Mutual Thrift Institutions Tax

- Rate 11.5 on Jan. 1, 2023, same since 1992
- 3-year loss carryforward, no cap on net income
- Shapiro interested in accelerating reduction
- Disincentive to de novo mutual banks
- Credit unions pay nothing

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VICTORIES & VALUE

Selected victories from last session:

- Protected the state Banking Fund
- Enacted a state level SAFE Banking Act to allow legal cannabis businesses to bank in PA
- New state avenues for CRA credit
- Increased broadband access to rural bank customers
- Tax relief for small business customers
- Blocked the Omarova nomination as the nation's top banking regulator
- Blocked a public bank in Philadelphia



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Our Mission: Empower community banks to make a positive impact within the communities they serve

- Exclusively represents community banking industry in PA
- 70 institutions, 6,100 banking professionals
- Career-path training & mentoring for over 3,000 professionals annually
- Products & services designed to help community banks remain profitable and competitive
- Scholarships support professional development needs at every level
- Advocates for public policies to promote and protect the industry at federal and state level
- Raise public awareness about the importance of the community banking industry
- Compile best practices to improve community bank operations and customer experience

Being a member of the PACB means that you are a valued member of the community banking industry and you are part of an effective association that is focused exclusively on programs, public policies, and initiatives that help banking professionals to make a positive impact in their communities and for the customers they serve



PACB Services supports community banks by offering products & services designed to keep community banks independent, competitive, strong, and profitable.



PACB Foundation works to ensure a strong future for the industry by expanding training and professional development opportunities for current and future community bank leaders.



PACB's political arm is funded entirely by community bank professionals to help elect state officials or candidates who recognize and appreciate the value of a vibrant community banking industry.


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SUPPORTING THE BANKING PROFESSION IN PA

- Affiliation with the Barret School of Banking
- Human Resource, Marketing, Director conferences
- Agri-lending, ALM, Fraud, Cyber Security Seminars
- On-demand training: Financial Education and Development
- Soft-skills, management training NextGenU
- Networking and peer discussions

Continuing Education Credits Available

- CLE – PA Bar Association
- CPE – PA State Board of Accountancy
- SHRM



SCHOLARSHIP OPPORTUNITIES

Advance your banking knowledge with a PACB Foundation Scholarship

FOR COMMUNITY BANKING EDUCATIONAL PROGRAMMING

Your success in banking is important to us. So is your continuing professional education. That's why the PACB Foundation is making scholarships available to you and bank employees at every level in your institution. A valuable benefit of your bank's PACB membership, the PACB Foundation scholarships can be used to purchase a variety of Association-sponsored virtual and classroom training and professional development programs.

SCHOLARSHIPS WERE CREATED TO:

- Increase opportunities for bank employees like you to take advantage of PACB's expansive educational offerings and allow member banks to expand the professional development of their teams;
- Provide additional opportunities to introduce new bankers to PACB educational offerings in order to improve engagement and support for community banking issues.
- Offer ongoing PACB continuing education to support bankers who are established in their careers as well as the next generation of community bank leaders, which gives banks an opportunity to retain, grow and develop talent.

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Bank Members:

Altoona First Savings Bank

Ambler Savings Bank

Armstrong County B&L Assn.

Asian Bank

Atlantic Community Bankers Bank

Bank of Bird-in-Hand

Brentwood Bank

Clarion County Community Bank

Community Bank

Community State Bank

County Savings Bank

Dollar Bank

Enterprise Bank

ESSA Bank & Trust

F&M Trust Co.

Farmers National Bank of Canfield

FHLBank Pittsburgh

First Columbia Bank & Trust Co.

First Federal S&L of Greene Co.

First Keystone Community Bank

First National Bank & Trust Co.

First United National Bank

Fleetwood Bank

Greenville Savings Bank

Harleysville Bank

Hatboro Federal Savings

Huntingdon Valley Bank

Hyperion Bank

InFirst Bank

Investment Savings Bank

Iron Workers Bank

Jim Thorpe Neighborhood Bank

Jonestown Bank & Trust Co.

LINKBANK, A Division of Gratz Bank

Marquette Savings Bank

MCS Bank

Mercer County State Bank

Mid Penn Bank

Neffs National Bank

Penn Community Bank

PennCrest BANK

Pennian Bank

Phoenixville Federal Bank & Trust

Port Richmond Savings

Presence Bank

Reliance Bank

Second Federal S&L Assn.

Sewickley Savings Bank

Sharon Bank

Slovenian S&L of Canonsburg

Slovenian S&L of

Franklin/Conemaugh

Somerset Trust Company

SSB Bank

The Dime Bank

Tioga-Franklin Savings Bank

Turbotville National Bank

UNB Bank

United Savings Bank

Victory Bank

Westmoreland Federal S&L Assn.

William Penn Bank

Woodlands Bank

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Preferred Provider

Thank you for your support!

Being a member of the PACB means that you are a **valued member** of the **community banking industry** and you are part of an **effective** association that is **focused** exclusively on programs, public policies, and initiatives which help banking professionals to make a **positive impact** in their communities and for the customers they serve.

Your involvement in PACB makes the community banking industry better!

The mission of the Pennsylvania Association of Community Bankers is to empower community banks to make a positive impact within the communities they serve.

To learn more, please visit pacb.org

