



DAN FLYNN

★DISTRICT 2★

FOR IMMEDIATE RELEASE
March 11, 2011

Contact: David Erinakes
Phone: (512) 463-0880

Rep. Dan Flynn Takes Action to Ensure Access and Credit Needs of All Texans

Austin, TX - Representative Dan Flynn filed House Concurrent Resolution 94, the resolution demanding repeal of the Dodd-Frank bill at the Federal level with the strong support of Representatives Keffer, Bonnen and Creighton who Joint Authored the Resolution. The banking and insurance communities are essential to the continued growth and well being of the State of Texas. They serve as important hubs of economic activity for communities all across the state and the requirements of the Dodd-Frank bill is destructive to the State of Texas, damaging to the economic well being of the citizens of Texas and a constant threat to businesses.

The Dodd-Frank Wall Street Reform and Consumer Protection Act was passed by the United States Congress on July 21, 2010. It consists of 2,300 pages of new statutory language that will result in the promulgation of over 250 new federal regulations. Supporters of the legislation claim that it will equip federal regulators with powers to prevent another financial debacle like the country experienced from 2007 through 2009. In reality, the bill sets up a regulatory regime that allows "Too Big to Fail" banks and Wall Street to continue to avoid adequate scrutiny while it punishes traditional Texas banks that had nothing to do with the most recent crisis.

The bill provides that a new Bureau of Consumer Financial Protection is established to regulate all consumer financial services in the United States. It will receive hundreds of millions of dollars in funding annually from the Federal Reserve System and is not subject to Congressional oversight through the appropriations process. The Bureau will have the power to regulate what types of financial products can be provided and which products cannot be

offered. It will have the power to set prices for consumer loans, mortgages and small business loans. If this new agency were to become what its advocates have envisioned it will be at least as large as the Internal Revenue Service. Texas banks will have fewer and more expensive products to offer to their customers. The credit needs of rural and urban Texans will be determined by an agency in Washington and that cannot be tolerated.

In addition, the Bureau of Consumer Financial Protection will also greatly increase compliance costs for Texas community banks. Smaller banks will see their compliance and employee costs increase by tens of thousands of dollars on an annual basis. This will result in millions of dollars in loans that will not be loaned in their communities. Further, these new costs will drive down profitability and lead to the consolidation of the banking industry. Fewer banks mean less credit and fewer choices for borrowers across the state and again a bad deal for Texas and Texans.

The overall effect of this bill is that banks and credit unions will be forced to cease offering debit and checking products and increase fees to their retail customers for checking accounts, debit cards and other retail services. Lower income Texans who have obtained greater access to affordable retail banking, partly because of interchange fees, will have less access to traditional institutions and be forced to go back to the less regulated "shadow" banking system with its increased costs. That is simply the wrong way to go. Therefore, we are greatly resolved to urge The United States Congress to repeal this destructive law.