Banking and Finance Law Daily Wrap Up, DODD-FRANK ACT—White House strongly opposes Congressional passage of current appropriations bill,(Jun. 22, 2016)

By Thomas G. Wolfe, J.D.

The Obama Administration's Office of Management and Budget has issued a statement declaring that the Administration strongly opposes the fiscal year 2017 Financial Services and General Government Appropriations bill (H.R. 5485). The June 21, 2016, Statement of Administration Policy, underscores that if the President were presented with H.R. 5485, "his senior advisors would recommend that he veto the bill." Among other things, the Administration contests the sections of the proposed measure pertaining to the Consumer Financial Protection Bureau, Financial Stability Oversight Council, and Office of Financial Research.

CFPB. In its policy statement, the Administration notes its opposition to the sections (502 and 503) of H.R. 5485 that would subject the CFPB "to annual appropriations and politicizes its leadership, which would severely weaken its independence and undermine its ability to serve the most vulnerable consumer populations."

Likewise, the Administration voices its objection to sections (506, 637, 638, and 639) of the bill that "undermine key consumer protections by preventing the CFPB from finalizing or implementing payday lending and arbitration regulations and would amend the Truth in Lending Act to deny borrowers protections from certain high-cost loans." According to the Administration, these are "problematic, ideological provisions that are beyond the scope of this bill."

FSOC, OFR. In connection with the Financial Stability Oversight Council and the Office of Financial Research, the White House objects to the section (130) of the bill that would subject the FSOC and OFR to the annual appropriations process beginning in fiscal year 2018. In the Administration's view, this would "hinder the independence of these entities and limit their ability to develop critical market analysis and improve

regulator coordination if future funding shortfalls prevent information technology (IT) investments or the hiring of highly-skilled staff."

Further, the Administration opposes "onerous new procedural requirements that could effectively prohibit [the] FSOC from formally designating nonbank financial companies whose material financial distress could pose a threat to U.S. financial stability." Similarly, the policy statement objects to a section (129) that would require the OFR to publish a notice "90 days prior to issuing any report, rule, or regulation" because, the Administration maintains, "research reports are intended to provide independent analysis of the facts, unswayed by public or political sentiment."

Other concerns. The Administration points out that the current version of H.R. 5485, pertaining to the Community Development Financial Institution Fund, does not provide for the "$10 million requested for the Small Dollar Loan Program to expand access to small dollar loans in underserved communities and combat predatory lending." In addition, the Administration's statement expresses concern about modifications to the Bankruptcy Code in the appropriations bill, noting that "the Financial Institutional Bankruptcy Act of 2016 (HR 2947) has been referred to the Senate where it should be considered in due course."

LegislativeActivity: BankingOperations CFPB DoddFrankAct FinancialStability Loans Receiverships TruthInLending