



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

April 12, 2016  
(House Rules)

**STATEMENT OF ADMINISTRATION POLICY**  
**H.R. 3791 – Raise the Consolidated Assets Threshold under the Small Bank Holding**  
**Company Policy Statement**  
(Rep. Love, R-UT, and four cosponsors)

The Administration strongly opposes H.R. 3791, a bill that seeks to raise the consolidated assets threshold under the Small Bank Holding Company Policy Statement from \$1 billion to \$5 billion.

The primary purpose of the Small Bank Holding Company Policy Statement (Policy Statement) is to make it easier for small banks to raise capital so they can continue to provide services to their local communities. The Policy Statement also ensures that when small, community institutions are purchased, they are more likely to be purchased by another community institution rather than a larger bank. Less than one year ago, the Congress reached a compromise to raise the Small Bank Holding Company Policy Statement threshold from \$500 million to \$1 billion. That change was intended to ensure that local communities retain access to the banks that best understand their needs and can provide personalized services to residents. Now, less than one year later, this piece of legislation seeks to raise that threshold again – to \$5 billion – in an attempt to allow large banks to evade specific minimum leverage and risk-based capital requirements. These limitations were put in place to ensure that banks remain sound and able to serve their customers. Community banks with \$1 to \$5 billion in assets already have sufficient access to capital markets and as a group are exhibiting health and resilience. Raising the threshold to exempt banks with over \$1 billion from important minimum leverage and capital requirements would do little more than encourage banks to take on debt, endangering their soundness and potentially depriving their customers of much needed banking services should the bank fail.

Setting the consolidated assets threshold at \$1 billion was a bipartisan decision that struck a balance between allowing small banks to access capital to better serve their customers, and ensuring their safety and soundness. Raising the threshold to \$5 billion less than a year later would be an unnecessary and risky change.

If the President were presented with H.R. 3791, his senior advisors would recommend he veto the bill.

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