

Union Calendar No. 64

119TH CONGRESS
1ST SESSION

H. R. 478

[Report No. 119–90]

To require the appropriate Federal banking agencies to establish a 3-year phase-in period for de novo financial institutions to comply with Federal capital standards, to provide relief for de novo rural community banks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2025

Mr. BARR introduced the following bill; which was referred to the Committee on Financial Services

MAY 6, 2025

Additional sponsors: Mr. MEUSER, Mr. DOWNING, Mr. LOUDERMILK, Ms. DE LA CRUZ, Mr. CLINE, Mr. ELLZEY, Mr. SCOTT FRANKLIN of Florida, Mr. HUIZENGA, Mr. KNOTT, Mr. TIMMONS, Mr. DUNN of Florida, Mr. WILLIAMS of Texas, Mr. FLOOD, Mr. PALMER, Mr. DONALDS, Mr. ROSE, Mr. McDOWELL, Mr. ALFORD, Mr. SCHMIDT, Mr. FITZGERALD, Mr. SHREVE, Mr. MOORE of North Carolina, Mr. LAWLER, and Mr. SESSIONS

MAY 6, 2025

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on January 16, 2025]

A BILL

To require the appropriate Federal banking agencies to establish a 3-year phase-in period for de novo financial institutions to comply with Federal capital standards, to provide relief for de novo rural community banks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Promoting New Bank*
5 *Formation Act”.*

6 **SEC. 2. PHASE-IN OF CAPITAL STANDARDS.**

7 *The Federal banking agencies shall issue rules that*
8 *provide for a 3-year phase-in period for a depository insti-*
9 *tution or depository institution holding company to meet*
10 *any Federal capital requirements that would otherwise be*
11 *applicable to the depository institution or depository insti-*
12 *tution holding company, beginning on—*

13 (1) *the date on which the depository institution*
14 *became an insured depository institution; or*

15 (2) *in the case of a depository institution hold-*
16 *ing company, the date on which the depository insti-*
17 *tution subsidiary of the depository institution holding*
18 *company became an insured depository institution.*

19 **SEC. 3. CHANGES TO BUSINESS PLANS.**

20 (a) *IN GENERAL.*—*During the 3-year period beginning*
21 *on the date on which a depository institution became an*
22 *insured depository institution, the insured depository insti-*
23 *tution or its depository institution holding company may*
24 *request to deviate from a business plan that has been ap-*

1 *proved by the appropriate Federal banking agency by sub-*
 2 *mitting a request to such agency pursuant to this section.*

3 *(b) REVIEW OF CHANGES.—The appropriate Federal*
 4 *banking agency shall, not later than the end of the 30-day*
 5 *period beginning on the receipt of a request under sub-*
 6 *section (a)—*

7 *(1) approve, conditionally approve, or deny such*
 8 *request; and*

9 *(2) notify the applicant of such decision and, if*
 10 *the agency denies the request—*

11 *(A) provide the applicant with the reason*
 12 *for such denial; and*

13 *(B) suggest changes to the request that, if*
 14 *adopted, would allow the agency to approve such*
 15 *request.*

16 *(c) RESULT OF FAILURE TO ACT.—If an appropriate*
 17 *Federal banking agency fails to approve or deny a request*
 18 *within the 30-day period required under subsection (b),*
 19 *such request shall be deemed to be approved.*

20 **SEC. 4. RURAL COMMUNITY DEPOSITORY INSTITUTION LE-**
 21 **VERAGE RATIO.**

22 *(a) IN GENERAL.—During the 3-year period beginning*
 23 *on the date on which a rural depository institution became*
 24 *an insured depository institution, the Community Bank*

1 *Leverage Ratio for the rural community bank shall be 8*
 2 *percent.*

3 (b) *PHASE-IN AUTHORITY.—The Federal banking*
 4 *agencies shall issue rules to phase-in the Community Bank*
 5 *Leverage Ratio described under subsection (a) with respect*
 6 *to a rural depository institution by setting lower Commu-*
 7 *nity Bank Leverage Ratio percentages during the first 2*
 8 *years of the 3-year period described under subsection (a).*

9 (c) *DEFINITIONS.—In this section:*

10 (1) *COMMUNITY BANK LEVERAGE RATIO.—The*
 11 *term “Community Bank Leverage Ratio” has the*
 12 *meaning given that term under section 201(a) of the*
 13 *Economic Growth, Regulatory Relief, and Consumer*
 14 *Protection Act (12 U.S.C. 5371 note).*

15 (2) *RURAL DEPOSITORY INSTITUTION.—The term*
 16 *“rural depository institution” means a depository in-*
 17 *stitution—*

18 (A) *with total consolidated assets of less*
 19 *than \$10,000,000,000; and*

20 (B) *located in a rural area, as defined*
 21 *under section 1026.35(b)(iv)(A) of title 12, Code*
 22 *of Federal Regulations.*

1 **SEC. 5. AGRICULTURAL LOAN AUTHORITY FOR FEDERAL**
 2 **SAVINGS ASSOCIATIONS.**

3 *Section 5(c) of the Home Owners' Loan Act (12 U.S.C.*
 4 *1464(c)) is amended—*

5 *(1) in paragraph (1), by adding at the end the*
 6 *following:*

7 *“(V) AGRICULTURAL LOANS.—Secured or*
 8 *unsecured loans for agricultural purposes.”; and*

9 *(2) in paragraph (2)(A), by striking “business,*
 10 *or agricultural” and inserting “or business”.*

11 **SEC. 6. STUDY ON DE NOVO INSURED DEPOSITORY INSTI-**
 12 **TUTIONS.**

13 *(a) STUDY.—The Federal banking agencies shall,*
 14 *jointly, carry out a study on—*

15 *(1) the principal causes for the low number of de*
 16 *novo insured depository institutions in the 10-year*
 17 *period ending on the date of enactment of this Act;*
 18 *and*

19 *(2) ways to promote more de novo insured depos-*
 20 *itory institutions in areas currently underserved by*
 21 *insured depository institutions.*

22 *(b) REPORT TO CONGRESS.—Not later than the end*
 23 *of the 1-year period beginning on the date of enactment of*
 24 *this Act, the Federal banking agencies shall, jointly, issue*
 25 *a report to Congress containing all findings and determina-*

1 tions made in carrying out the study required under sub-
2 section (a).

3 **SEC. 7. DEFINITIONS.**

4 In this Act, the terms “appropriate Federal banking
5 agency”, “depository institution”, “depository institution
6 holding company”, “Federal banking agency”, and “in-
7 sured depository institution” have the meaning given those
8 terms, respectively, under section 3 of the Federal Deposit
9 Insurance Act.

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