

Sen. Fitzgerald introduces the Making the CFPB Accountable to Small Business Act

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WASHINGTON, DC – Today, Congressman Scott Fitzgerald (WI-05), introduced the *Making the CFPB Accountable to Small Business Act*. This legislation would repeal Section 1071 of the Dodd-Frank Act, as well as require the CFPB to presume that size and sophistication-based tailoring of regulations are needed in SBREFA panel reviews.

“President Biden’s woke agenda has come for community banks and credit unions, said Rep. Fitzgerald. The Biden administration’s overregulation of the banking industry, all in the name of equity, is squeezing community lenders who cannot afford the costs associated with compliance. Wisconsin lenders will be at risk if Section 1071 is implemented and bureaucrats fail to consider the needs of small businesses.”

Read the bill [here](#).

BACKGROUND

The 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act provided relief from the harms of Dodd-Frank to the community banks and credit unions who had nothing to do with the financial crisis. However, many of these small financial institutions still face daunting regulatory compliance challenges. In particular, the Consumer Financial Protection Bureau (CFPB) has abused its authority to advance a political agenda that harms small businesses.

Section 1071 of the Dodd-Frank Act requires lenders to collect and report 12 data points in connection with credit applications made by women- or minority-owned

businesses as well as all small businesses. Because every small business loan and small business borrower is unique, it is virtually impossible to draw valid comparisons of terms from one loan to the next to gauge fair lending compliance. Fears of unfounded fair lending violations will lead to homogenized loan terms, less customization of small business loans to meet borrowers' needs, and reduction in access to credit.

Additionally, Congress repeatedly has urged the CFPB to narrowly tailor its rules to specific consumer abuses. When the Small Business Regulatory Enforcement Fairness Act (SBREFA) was enacted in 1996, Congress intended to enhance and improve the ability of federal agencies to thoroughly understand how their rules impact small firms and concordantly use that information to eliminate unnecessary burdens on those entities. Over time, the SBREFA process has been treated as merely a check-the-box initiative where outreach is made to SERs, but their feedback is not adopted in the final rulemaking.

SUPPORTERS

Credit Union National Association (CUNA), Independent Community Bankers of America (ICBA), National Association of Federally-Insured Credit Unions (NAFCU), Wisconsin Bankers Association (WBA).