

SENATE OF VIRGINIA

L. LOUISE LUCAS
18TH SENATORIAL DISTRICT
ALL OF GREENSVILLE AND SUSSEX COUNTIES;
ALL OF THE CITY OF EMPORIA; PART OF
BRUNSWICK, ISLE OF WIGHT, SOUTHAMPTON,
AND SURRY COUNTIES; AND PART OF THE CITIES
OF CHESAPEAKE, FRANKLIN,
PORTSMOUTH, AND SUFFOLK
POST OFFICE BOX 700
PORTSMOUTH, VIRGINIA 23705-0700



COMMITTEE ASSIGNMENTS:
COMMERCE AND LABOR
COURTS OF JUSTICE
EDUCATION AND HEALTH
FINANCE

November 28, 2023

To whom it may concern,

I write to you today to voice my strong disapproval of the proposal to increase bank capital requirements. Increasing bank capital requirements could have a detrimental impact on small businesses across Virginia and, indeed, the entire nation.

Small businesses are the backbone of our economy, driving innovation, creating jobs, and fostering economic growth. By imposing higher capital requirements on banks, we risk limiting their ability to provide loans to these enterprises. This reduction in access to capital can stifle small business growth, preventing them from hiring new employees, expanding operations, or investing in new opportunities. Such consequences would undoubtedly hamper economic development and job creation, harming communities across Virginia, particularly those that rely on small businesses for employment and support.

We must also consider the potential disproportionate effect this proposal would have on the African-American community. Historically, African-American entrepreneurs have faced greater challenges in accessing financial resources. Increased capital requirements could exacerbate these disparities, making it even more difficult for African-American small business owners to secure loans and thrive in their entrepreneurial endeavors. This would perpetuate economic inequality and hinder progress towards economic justice.

It's worth noting that the combination of the Dodd-Frank Act and the constant inspection by federal regulators of our big banks has worked and provided robust safeguards to weather economic storms. Many experts, including Treasury Secretary Janet Yellen, who stated that "our banking system is well-capitalized," agree that our banks are prepared should any crisis arise, which makes these requirements unnecessary.

The Biden Administration has done so much to support small businesses and promote economic equality and the Federal Reserve has worked hard to tamp down the inflation that dogged us so much last year. However, this proposal to increase bank capital requirements would have counterproductive consequences that will have a real impact on people's lives. It's essential to consider the broader economic impact, particularly on small businesses and marginalized communities, before making significant regulatory changes.

Sincerely,

A handwritten signature in black ink that reads "L. Louise Lucas". The signature is written in a cursive, flowing style.

L. Louise Lucas
President Pro Tempore