

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Description:

Comment ID: 155733

From: Wisconsin Building Trades Council, Emily Pritzkow

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Subject: R-1813 Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking

Comments:

To Whom It May Concern,

On behalf of the Wisconsin Building Trades Council, I write to oppose the Federal Reserve and FDIC's proposal to increase bank capital requirements.

In recent years, lawmakers have made major investments to prioritize the modernization of our region's infrastructure, making the role our workers play all the more important. It is concerning that we may be hindered from doing our jobs if a proposal to raise bank capital requirements is finalized.

The regulation at hand would require banks to increase the amount of capital they hold on to, arguing it would fortify the banking sector if an economic recession fell upon us. In actuality, this action is unnecessary. Banks have repeatedly shown their strength through both supervisory and real-life stress tests. Our economic leaders have also praised the robustness of our financial institutions, with Federal Reserve Chair Jerome Powell saying that "capital and liquidity levels at our largest, most systemically important banks are at multi-decade highs." Still, the rule continues to be considered.

Raising capital requirements on banks would directly undermine our ability to complete projects. Developers rely on banks to provide them with the upfront capital they need to start construction. However, this regulation would lead banks to shrink the number of loans they give out to such initiatives, viewing them as a risky asset. This would mean countless projects could be slow to obtain the green light as they struggle to find an alternative source of funding. The impact of this slowdown would include new infrastructure projects here in Wisconsin. To ensure we can continue having projects move along, this rule must be rejected.

President Biden's long support for union workers, combined with his administration's efforts to pass historical manufacturing and infrastructure legislation, has contributed to the improvement in our economy. They have led to new construction projects that have created good-paying jobs, all while updating our aging bridges and highways. By rejecting the proposal to increase bank capital requirements, we can keep this economic progress moving forward.

Thank you for your consideration of this feedback.

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