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Members of the Federal Reserve,

Nevada is facing major headwinds at this point in our recovery. Our tourism and hospitality industries, which have helped bring about major growth in the past, are still struggling with the lingering effects of the pandemic. Combined with high interest rates, this has made it difficult for new and current businesses to afford the loans they need for their operations. Things could become much more financially strenuous for our state's businesses if we now move to finalize the proposed regulation that seeks to increase capital requirements on banks.

Businesses throughout the Silver State count on banks to supply them with the loans and capital needed for helping fund day to day expenses. These costs can include employee payroll, rent for retail space, and more. Without it, many businesses would be left without the financing they need and have no direct alternative for obtaining loans. That's exactly what would happen under the proposed capital requirements rule, as banks would shrink their lending services to diminish their portfolio's financial exposure. This would all leave businesses struggling to figure out how to pay their employees and keep their doors open, potentially forcing them to close if they don't obtain the necessary funding in time.

New businesses looking to move to Nevada would also be financially hampered by this regulation. Many of the entrepreneurs coming to settle roots in our state are in need of new facilities for their staff. In order to get these projects going, however, upfront funding is required. This capital is often obtained from banks, playing a pivotal role in supplying these necessary loans. Under the new regulation, this funding would be more difficult to secure. Not only would it place these new initiatives on hold for months, but it would also prevent these new entrepreneurs from contributing to our local economy by hiring new employees and supporting local businesses. With our state in need of these economic growth opportunities, we can't afford to pass legislation that seeks to hinder it.

The Biden administration recognizes that the economic recovery process is different for every part of the country. That's why they've continued to make key investments right here in Nevada to help make sure we get back on the right track. Let's keep it that way by supporting our region's economy and rejecting the proposal to increase bank capital requirements.

Sincerely,


Max E. Carter II