

February 4, 2021

Pennsylvania Legislative Update

The 2021-2022 Legislative Session started off with bitter partisan fireworks over whether or not Senator Jim Brewster won his election. After a federal judge ruled in Senator Brewster's favor, the legislature has begun working on a series of policies which address the COVID-19 Pandemic.

Most notably, the General Assembly is adopting a constitutional amendment which would limit the governor's ability to declare an Emergency Disaster Declaration to 21 days. Any extension of the disaster declaration would have to be approved by the legislature. If adopted the amendment would have to be approved by voters at the ballot box and could be decided as early as this spring.

The General Assembly also moved quickly on providing additional \$560 million for mortgage and rental assistance from federal funds sent to the Commonwealth for COVID-19 relief. As part of the same legislation, the legislature borrowed \$145 million from the Workers Compensation Fund to provide the hospitality with grant assistance. This means that any bar, tavern, restaurant or hotel which has experienced losses and those losses were not addressed under the PPP program can get a grant from the state for up to \$50,000.

Similar, to the General Assembly, Governor Wolf released his budget which centered around rebuilding and rebounding from the pandemic. The budget would spend \$40 billion and seeks to raise the Personal Income Tax by 46% to cover the state's budget deficit which was made worse by COVID-19 and increase education funding.

PACB, during the 2021-2022 Legislative Session, continues to promote pro-growth policies which ensure the community banking industry in the Commonwealth remains prosperous, strong and independent.

Federal Update

The 117th Congress started the year off slow. Since January 20th, the Senate has debated not only a power-sharing agreement with chamber split 50-50 which was only finalized on February 3rd, but the second impeachment trial of President Trump as well. The trial is set to begin on February 9th.

Despite the issues on Capitol Hill, the new Biden Administration has focused much of their efforts on moving the next series of COVID-19 relief legislation. Congressional leaders and President Biden have begun the process of moving the \$1.9 trillion package through the budget reconciliation which only requires 51 votes in the Senate. President Biden's proposal includes additional funding for struggling businesses would provide more money for the Paycheck protection program along with \$350 billion in aid for state and local governments. The most discussed portion of the President's proposal would send \$1,400 checks to individuals based on their income level.

Regulatory Update

Acting Director Oejio of the Consumer Financial Protection Bureau announced earlier this year that the agency is shifting its posture to a more aggressive enforcement standard. This includes reviewing all lending decisions including through COVID-19 relief programs and stated "as we all know, practices and policies of the financial services industry have both caused and exacerbated racial inequality. The director's comments indicate a more combative tone towards Community Banks and other financial institutions.

