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June 25, 2015

The Honorable Kenny Marchant
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Marchant:

On behalf of the more than 6,000 community banks represented by ICBA, I write to express our strong support for the Capital Access for Small Business Bank Act (H.R. 2789). Your bill will modernize Subchapter S of the tax code to facilitate capital formation for some 2,100 community banks and thereby increase community lending and job creation.

Under current law, any business organized under Subchapter S of the tax code must have no more than 100 shareholders and is barred from issuing preferred shares. H.R. 2789 would modernize Subchapter S for banks by raising the shareholder limit to 500 and allowing them to issue preferred shares. The increase in the shareholder limit will help Subchapter S community banks raise much needed equity capital. Preferred shares will allow a family-held community bank to raise new equity capital without diluting control over the bank. Local ownership and decision making is a critical feature of the community bank success story. Both the higher shareholder limit and preferred shares will help community banks adapt to sharply higher capital requirements under the Basel III regulatory capital rule.

Thank you for introducing H.R. 2789. We look forward to working with you to advance this important legislation.

Sincerely,

/s/

Camden R. Fine
President & CEO

CC: Members of the House Ways & Means Committee

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