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President and CEO

August 1, 2017

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

Dear Representative Marchant:

On behalf of the more than 5,800 community banks represented by ICBA, I write to thank you for introducing the Capital Access for Small Business Bank Act (H.R. 2339). Your bill will modernize Subchapter S of the tax code to facilitate capital formation for thousands of community banks – including those currently organized under Subchapter S as well as C corporations that may convert – 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. 2339 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. 2339. We look forward to working with you to advance this important legislation.

Sincerely,

/s/

Camden R. Fine
President & CEO

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