

**SENATE CONCURRENT
RESOLUTION No. 99**

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:
Senator TROY SINGLETON
District 7 (Burlington)

SYNOPSIS

Urges Congress to oppose proposed federal regulatory changes to “Community Reinvestment Act.”

CURRENT VERSION OF TEXT

As introduced.



1 **A CONCURRENT RESOLUTION** urging the United States Congress to
2 oppose proposed federal regulatory changes to the “Community
3 Reinvestment Act.”
4
5 **WHEREAS**, The federal “Community Reinvestment Act” (CRA),
6 enacted in 1977, requires the Federal Reserve and other federal
7 banking regulators to encourage financial institutions to help meet
8 the credit needs of the communities in which they do business,
9 including low and moderate-income (LMI) neighborhoods; and
10 **WHEREAS**, The CRA has been a critical tool in working to end the
11 practice of redlining, the discriminatory practice by which banks
12 actively avoided making loans to lower-income neighborhoods; and
13 **WHEREAS**, By examining and rating banks, the CRA has helped to
14 increase lending to LMI neighborhoods because the law holds
15 banks publicly accountable for lending, investing and providing
16 bank services to LMI borrowers and communities; and
17 **WHEREAS**, Between 1993 and 1998, the United States Department of
18 Treasury documented that loans to LMI borrowers increased by 39
19 percent, more than twice the 17 percent rate of growth for loans to
20 middle and upper-income borrowers and communities; and
21 **WHEREAS**, Despite the significant progress made under the CRA in
22 addressing discriminatory lending practices and the fact that,
23 between 2007 and 2017, minority-owned small businesses grew by
24 79 percent, minority-owned firms are much less likely to be
25 approved for small business loans than white-owned firms, and if
26 approved are more likely to receive lower amounts and higher
27 interest rates; and
28 **WHEREAS**, Female entrepreneurs continue to face challenges
29 accessing capital, with only four percent of the total dollar value of
30 all small business loans going to women entrepreneurs; and
31 **WHEREAS**, The Trump administration has proposed regulatory
32 changes to the CRA, such as allowing banks to finance
33 improvements to athletic stadiums in low-income census tracts
34 located in Opportunity Zones, providing CRA credit for middle-
35 income housing units located in upper-income areas, and allowing
36 banks to offer financial education to people of all income levels
37 instead of solely providing this service to low and moderate-income
38 people; and
39 **WHEREAS**, These proposed regulatory changes to the CRA will harm
40 community development in LMI areas, and weaken the financial
41 investments already made, throughout New Jersey and the nation;
42 and
43 **WHEREAS**, It is altogether fitting and proper to urge the United States
44 Congress to oppose the proposed federal regulatory changes to the
45 “Community Reinvestment Act,” thereby defending LMI
46 communities, businesses, and individuals in New Jersey and across
47 the nation; now, therefore,

1 **BE IT RESOLVED** *by the Senate of the State of New Jersey (the*
2 *General Assembly concurring):*

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4 1. This House urges the United States Congress to oppose the
5 proposed federal regulatory changes to the “Community
6 Reinvestment Act.”

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8 2. Copies of this resolution, as filed with the Secretary of State,
9 shall be transmitted by the Clerk of the General Assembly or the
10 Secretary of the Senate to the Majority and Minority Leaders of the
11 United States Senate, to the Speaker and Minority Leader of the
12 United States House of Representatives, and to each member of the
13 United States Congress elected from this State.

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STATEMENT

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18 This concurrent resolution urges the United States Congress to
19 oppose proposed federal regulatory changes to the “Community
20 Reinvestment Act.”

21 The federal “Community Reinvestment Act” (CRA), enacted in
22 1977, requires the Federal Reserve and other federal banking
23 regulators to encourage financial institutions to help meet the credit
24 needs of the communities in which they do business, including low
25 and moderate-income (LMI) neighborhoods.

26 The CRA has been a critical tool in working to end the practice
27 of redlining, the discriminatory practice by which banks actively
28 avoided making loans to lower-income neighborhoods. The CRA
29 has helped to increase lending through the examination and rating
30 of banks as the law holds banks publicly accountable for lending,
31 investing and providing bank services to LMI borrowers and
32 communities.

33 Between 1993 and 1998, the United States Department of
34 Treasury documented that loans to LMI borrowers increased by 39
35 percent, more than twice the 17 percent rate of growth for loans to
36 middle- and upper-income borrowers and communities.

37 Despite the significant progress made under the CRA in
38 addressing discriminatory lending practices and the fact that,
39 between 2007 and 2017, minority-owned small businesses grew by
40 79 percent, minority-owned firms are much less likely to be
41 approved for small business loans than white-owned firms, and if
42 approved are more likely to receive lower amounts and higher
43 interest rates. Furthermore, female entrepreneurs continue to face
44 challenges accessing capital, with only four percent of the total
45 dollar value of all small business loans going to women
46 entrepreneurs.

47 The Trump administration has proposed regulatory changes to
48 the CRA, such as allowing banks to finance improvements to

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1 athletic stadiums in low-income census tracts located in
2 Opportunity Zones, providing CRA credit for middle-income
3 housing units located in upper-income areas, and allowing banks to
4 offer financial education to people of all income levels instead of
5 solely providing this service to low and moderate-income people.
6 These regulatory changes would harm community development in
7 LMI areas and weaken the financial investments already made
8 throughout New Jersey and the nation.