

requirements in 17 States, including my State of California.

Specifically, Federal credit unions are currently required to meet monthly. Under this bill, Federal credit unions that receive high ratings from the regulator would only be required to meet six times annually, with at least one meeting held during each fiscal quarter.

To ensure stability and mitigate the risk of institutional failure, this bill retains certain safeguards. For example, Federal credit unions that receive low exam ratings would still be required to meet at least monthly, as well as newly formed Federal credit union boards during the first 5 years of their charter.

Additionally, if emergencies or issues arise requiring a board meeting, nothing in the bill prevents Federal credit unions from meeting more frequently than what is required.

Mr. Speaker, I urge my colleagues to support this bill, and I reserve the balance of my time.

Mr. MCHENRY. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. HUIZENGA), the chair of the Financial Services Committee's Subcommittee on Oversight and Investigations.

Mr. HUIZENGA. Mr. Speaker, I thank Chairman MCHENRY for yielding me time this afternoon.

I rise today in support of the Credit Union Board Modernization Act and ask for its immediate passage.

Credit unions can play an important role in many of our local communities, often working with families and small business owners to gain access to credit.

H.R. 582 will go a long way to providing reasonable regulatory relief for credit unions, especially in Michigan's Fourth Congressional District and across the Nation.

□ 1715

Mr. Speaker, if signed into law, these commonsense, reasonable reforms will allow federally chartered credit unions in good standing in Michigan and across the country the same reasonable governance practices afforded to those at the State level.

Currently, all federally chartered credit union boards must meet at least once month. This one-size-fits-all requirement often negatively impacts smaller rural credit unions, which ultimately impacts, frankly, which members are willing to even serve on those boards and therefore the services that they can and will be able to provide to their local community.

The Credit Union Board Modernization Act rightly modernizes how often federally chartered credit union boards must meet, which the National Credit Union Administration currently mandates to be monthly. Nothing in this legislation prevents a credit union from meeting more than six times a year. It just gives them the flexibility and they are able to then decide. That

is the idea of a credit union; member-driven, they will decide.

Mr. Speaker, I thank the sponsor of this bill, the gentleman from California (Mr. VARGAS) for working with Republicans, and specifically me, this last Congress to implement these reasonable safeguards.

I do want to note, specifically, this legislation does not apply to new credit unions or those credit unions with low exam ratings, as the chair had indicated. Highly rated credit unions with high management ratings must hold at least six meetings annually, with at least one meeting held during each fiscal quarter.

Alternatively, these lower-rated credit unions must continue to meet once a month, and there will be direction on that, as the chair has outlined.

I want to be clear. This bill does not give credit unions an advantage over their community bank counterparts but brings parity to an outdated process.

Again, I thank Congressman VARGAS for his commitment to make this a bipartisan effort. I look forward to seeing these reforms, which will strengthen local economies across the Nation, enacted into law.

Ms. WATERS. Mr. Speaker, I yield myself the balance of my time for closing.

Mr. Speaker, I applaud Mr. VARGAS' efforts to work on this bipartisan bill and appreciate that the reforms in this bill have been structured in a way to incentivize credit union boards to take steps to ensure their institutions are safe, sound, and well managed.

This bill has broad support, including from credit unions, like the California and Nevada Credit Union Leagues, to consumer groups like Americans for Financial Reform.

I am pleased to work with Mr. VARGAS to advance this bill through the House. I was pleased to do this in the last Congress.

Mr. Speaker, I urge my colleagues to support this bill, and I yield back the balance of my time.

Mr. MCHENRY. Mr. Speaker, I yield myself the balance of my time for closing.

This is the case on the House Financial Services Committee, when we see a challenge that has a commonsense solution, we try to tackle it and we try to tackle it in a bipartisan way.

I want to concur with Mr. HUIZENGA in his praise of Mr. VARGAS. This was a bipartisan bill between Mr. VARGAS and Mr. HUIZENGA last Congress, and it continues to be a bipartisan bill this Congress.

I thank my colleague, Mr. VARGAS, for offering it, and I thank the ranking member for working with me and with my team to bring these three bipartisan bills before the full House in the opening month of Congress.

Mr. Speaker, I urge this bill's adoption, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today in support of H.R. 582, the "Credit

Union Board Modernization Act" which would give credit unions more flexibility in their governance by not mandating monthly board meetings.

H.R. 582 would allow credit unions to dedicate more time and resources to serving their members by reducing the frequency that the board of directors of a federal credit union would be required to meet each year.

In the modern world, with increased connectivity from today's technology, boards of Credit Unions should not be subjected to mandated minimum meetings but should be provided with the flexibility to determine the frequency of their meetings as provided within the guidelines outlined in this bill.

By modernizing Credit Unions, we are ensuring that working class people who are exercising their right to choose what financial service they want, get the most from their chosen service.

This bill would be helpful to small credit unions, especially those that are closest to individual communities and whose boards may not be able to meet every month.

For years, I have supported Credit Unions by supporting their tax-exempt status in 2004 and 2011.

In 2012, I recognized and supported the Texas Dow Employees Credit Union full-service center, which was an important asset to the community.

Credit unions provide a critical resource to many working families by allowing them to have access to our financial system when they might otherwise be restricted from such access.

My constituents and many Americans rely on credit unions as a reasonable and trustworthy financial service.

According to the CUNA (Credit Union National Association), nationally there are over 135 million Americans who are members in a credit union.

In Texas alone, credit unions have 422 credit unions headquartered in the state and over 10 million members' total as of 2022.

If we require credit unions to dedicate resources to meetings instead of providing service to their members, we are failing our constituents.

America's credit unions are a central part of our Nation's financial prosperity and must be supported and uplifted through shifting times of essential modernization.

I support this bill and urge my colleagues to join me.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. MCHENRY) that the House suspend the rules and pass the bill, H.R. 582.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### EXPANDING ACCESS TO CAPITAL FOR RURAL JOB CREATORS ACT

Mr. MCHENRY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 298) to amend the Securities Exchange Act of 1934 to expand access to capital for rural-area small businesses, and for other purposes.

The Clerk read the title of the bill.  
The text of the bill is as follows:

H.R. 298

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Expanding Access to Capital for Rural Job Creators Act”.

#### SEC. 2. ACCESS TO CAPITAL FOR RURAL-AREA SMALL BUSINESSES.

Section 4(j) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(j)) is amended—

(1) in paragraph (4)(C), by inserting “rural-area small businesses,” after “women-owned small businesses,”; and

(2) in paragraph (6)(B)(iii), by inserting “rural-area small businesses,” after “women-owned small businesses,”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. MCHENRY) and the gentlewoman from California (Ms. WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina.

#### GENERAL LEAVE

Mr. MCHENRY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. MCHENRY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 298, the Expanding Access to Capital for Rural Job Creators Act.

I thank Congressman MOONEY and my colleagues on the other side of the aisle for their work on this issue last Congress and this Congress.

In the Financial Services Committee, we continually highlight the importance of capital formation for entrepreneurs and job creators in underbanked rural communities. That means their ability to get a loan, their ability to get investment capital. We want to enhance every American's ability to get access to capital to take their ideas to market.

I can speak from experience about the struggles emerging entrepreneurs face when starting or growing their own small business.

My father started a business in our backyard, mowing grass for other people. He and his buddy both had five kids. I am the youngest of five kids. My dad's business partner had five kids. They had plenty of free labor. What they didn't have access to was capital or investment capital. So his first piece of lending was done because he had a Toro, which was the best lawnmower you could get at the time. A Toro salesperson so wanted to make the sale that he let him use the equipment until my father and his business partner could get paid from the hospital where they were mowing the grass. That was the first piece of equipment they got, because the sales guy wanted to make the sale.

The second piece of equipment they got was a truck, to put that lawn mower in the back of, that they got using a Master Charge, which is now Mastercard. They used a credit card to buy a truck. They put a rope around this very expensive riding lawnmower in the back of this beat-up pickup truck.

That was the dream for both families that put five kids through college. Both families, five kids. Ten kids total put through college. Now, my brother runs that business that my father started in our backyard.

The question of access to capital, if you don't have friends that have personal wealth, it is very difficult in this country. It is in rural communities. It is in urban communities. We have areas of this country that are underbanked and resource starved. It doesn't mean that they have less good ideas because of where they are born. They don't. That is not connected with this. They are starved for capital.

What we need to do, in a bipartisan way, and what we have had conversations on in a bipartisan way on our committee, is how to fix that problem. We are trying because we have communities across this country that are being left behind. That is completely unacceptable.

This is a bipartisan bill that tries to get at that and help small businesses that are vulnerable in rural communities.

Research shows that after the last financial crisis, small businesses and startups were less likely to form in rural areas than in urban areas. Now, these same small businesses are facing record inflation and supply chain disruptions.

In recent years, the SEC's Small Business Advocate found that rural businesses that seek investor capital are raising higher amounts. However, rural businesses are still raising less capital than their urban counterparts relative to the size of the affected population.

But even the urban numbers misrepresent what is happening in urban areas in this country. Just because a big business is headquartered in an urban area doesn't mean they are serving the urban area or that they are employing in that urban area. So we have got huge challenges.

In rural areas, which this bill deals with, every small business and entrepreneur counts. They are the lifeblood of the local economy, and their success is critical to the success of their community. This bill is just one example of how Congress can help solve one of the issues that rural small businesses face: access to capital.

Mr. Speaker, I thank Congressman MOONEY for his work on this bill. I urge my colleagues to support this bipartisan legislation, and I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 298, the Expanding Access to Capital for Rural

Job Creators Act, sponsored by Representative MOONEY of West Virginia. Last Congress, this bill was led by Democrats and introduced by my good friend, former Representative AXNE of Iowa. The bill passed the House last year, and I continue to support it.

While small businesses in the big cities may enjoy easier access to capital to grow their businesses, hire and support their employees, and serve their communities, the businesses in rural America often struggle.

Rural America's job growth is half the rate than that of big cities. Rural America's poverty rate is also higher than that of the big cities, even though it has dropped under President Biden's leadership and as a result of the Inflation Reduction Act passed by Democrats last Congress.

To better understand these issues in rural America, H.R. 298 would require the SEC's Small Business Advocate to report to Congress on particular challenges that rural businesses face in accessing our capital markets.

I am very much in support of this bill. I have always advocated that we should work together, the rural legislators and the small town legislators, to be able to do more in rural communities. Of course, that takes resources.

So while my colleagues on the opposite side of the aisle may be in the cutting mode, based on what I am learning about the debt limit discussions that are going on, I would urge them to take a look at these rural communities so that we can begin to close that gap that exists.

Mr. Speaker, I say to my colleagues: It is not only when we are talking about businesses and small businesses, whether we are talking about that or healthcare or any of the other issues, the rural communities need more advocacy. They need more legislation. They need more of the Representatives on the opposite side of the aisle dealing with us so that we can correct these gaps that have lasted for far too long.

Mr. Speaker, I urge my colleagues to support this bill, and I reserve the balance of my time.

Mr. MCHENRY. Mr. Speaker, I agree with the words of the ranking member.

Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas (Mr. HILL), the vice chair of the Financial Services Committee and the chair of the Digital Assets Subcommittee.

Mr. HILL. Mr. Speaker, I certainly thank the chairman of the Financial Services Committee, and I thank the ranking member in the 118th Congress, Ms. WATERS, for her work on this bipartisan bill, H.R. 298, Expanding Access to Capital for Rural Job Creators Act, sponsored by Alex Mooney, our Member from West Virginia, certainly a very rural place, mountainous, tough to get around, a lot like Arkansas.

Small businesses, as the chairman said, are the backbone of the economy in Arkansas, as they are across the country. Almost 50 percent of jobs in

this Nation are with traditional small businesses. Yet, they face obstacles in getting the capital they need to grow and create jobs under the best of circumstances, in Los Angeles or in Charlotte, the financial capital of the east. These greater challenges are really tough when you get out in the country. In Arkansas, almost all but two counties in our State are deeply rural.

I was a bank president in a town of 100 people, in a county of 7,000. When you talk about capital needs, that was certainly the case. That is why I can support this wholly bipartisan legislation that would direct the Securities and Exchange Commission's Office of the Advocate for Small Business Capital Formation to study the problems faced by those small businesses, entrepreneurs, owners, and family businesses, that want to access capital to grow.

This bill passed this House last July with bipartisan support, and so it should do it again today. It sends a message that Congress is fighting to help our small businesses out in rural areas. It is critical. We want them to thrive.

□ 1730

Sadly, this Securities and Exchange Commission and its chairman, Gary Gensler, don't have this as a priority, Mr. Speaker. Their priority is not helping capital formation or helping small businesses thrive. In fact, they are trying to choke it off with their regulatory burden.

I am glad to see that Congress is weighing in to say this is important. Our young people in rural communities are also facing an additional crisis, which is, how do we create opportunities for high school students in rural counties that can't afford a 4-year college degree or don't want to saddle themselves with debt, and that means creating a path to pursue a skilled trade—something that is in desperate need in all of our counties, urban and rural.

Workforce education must go hand in hand with helping small capitals get the capital to grow. Entrepreneurs have to have the investment, but they have also got to have a skilled workforce to help them grow their company and expand for other people.

I am fully in support of this bill because I think it speaks to the heart of the vast majority of our country, which are small companies working in rural areas.

I agree with the ranking member when she says that they need investment in healthcare and other things in rural areas, and that is why in my State there are 172 community health centers, Federal community health centers, spread across our entire State. We have a really capable, good local hospital system throughout our rural counties.

We are blessed by that. We are blessed by good CTE schools, classic trade workforce schools, but we could

use more. Of course, we have got to have capital to grow, and it can't just come from the banking sector.

That is why I support so fully our chair's emphasis on crowdsourcing funding for small businesses. Think how much more straightforward that is in a rural area to try to do something good by bringing together people from all over, all works of life to help somebody build a business.

Mr. Speaker, I thank the chair for his leadership. I thank the ranking member.

Mr. Speaker, I urge all our colleagues to support this bill.

Ms. WATERS. Mr. Speaker, H.R. 298 directs the SEC Small Business Advocate to focus on the challenges rural small businesses face. I, again, urge my colleagues to support this bill.

Again, I would like to reiterate how anxious I am to work with the opposite side of the aisle so that we could close this gap and deal with the concerns of rural America. It is not only in small business; again, it is healthcare and it is in housing.

You all know that housing is one of my top priorities. I am looking forward to an urban-rural Renaissance of some kind. I want to say to Mr. HILL, I am looking forward to what can be done in Arkansas.

My mother was born in Cotton Plant, Arkansas, in his district, and I know that there are a lot of needs there, but it is going to cost money. It is going to cost time. I want the gentleman to know I believe in capital formation, and I think we can work together on capital formation.

Mr. Speaker, I urge my colleagues to support this bill, and I yield back the balance of my time.

Mr. MCHENRY. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I thank the ranking member for her words and comments here. It is true we have worked together on capital formation initiatives in previous Congresses and I would hope that we will be able to do the same.

I know of her upbringing in Missouri and her career in California. She has both rural and urban experiences that she can bring to this and I, likewise, have mainly rural upbringing to bring to this, but I think together we can craft a smart agenda, address the needs of the American people, and that is my intention with a focus on capital formation across the country, with the needs of a modern economy to digitize so many of our processes in the world of financial services, and the need to give architecture to a new range of assets that are in the financial services world around cryptocurrency and digital assets.

There is a lot that is happening here that we have to embrace and allow that prosperity to be spread across the country. Working together, I think we can do that.

Mr. Speaker, I urge adoption of this piece of legislation, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today in support of H.R. 298—the Expanding Access to Capital for Rural Job Creators Act.

H.R. 298 requires the Advocate for Small Business Capital Formation, an entity within the Securities and Exchange Commission to submit an annual report on the various challenges small businesses in rural areas face when attempting to secure capital.

This bill was first introduced in 2017 and continues to be reintroduced into congress with the sole hope of helping the small businesses that truly are the backbone of our economies.

The Securities Exchange Act of 1934 was originally created to regulate securities transactions in the secondary market in order to promote more financial integrity, transparency and to reduce fraud and manipulation.

Over the years, the Securities Exchange Act of 1934 has been amended in response to various needs of our capital markets.

The Office of the Advocate for Small Business Capital Formation was established in January 2019 as an independent SEC office.

Among other things, this office is responsible for advancing the interests of small businesses and their investors at the SEC.

The office also facilitates the expanded access to capital for rural area small businesses.

Rural businesses in Texas and around the nation frequently encounter significant challenges when attempting to raise funds to expand and improve their operations.

Lack of capital or funding, a faulty infrastructure or business model, and ineffective marketing efforts are a frequent cause of failure for small businesses.

This legislation would support our rural economies by assisting rural small businesses in overcoming these obstacles.

It is crucial for Congress to support small and rural businesses if it wants to help this country continue to prosper and grow.

In 2022 Texas had a population of about 30 million, with 3.8 million of them residing in rural areas.

And in 2022, between 13 and 14 percent of all jobs in the United States could be found in rural areas, a rate that is only anticipated to increase over time.

These continuing increases in employment and population indicate a developing trend and the requirement for new businesses to develop in rural areas with easier access to capital which provides new employment opportunities.

With more than 13,000 unemployed Texans and 6 million Americans throughout the USA, it is essential that we, as elected members of Congress, support the economic growth of our rural populations.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. MCHENRY) that the House suspend the rules and pass the bill, H.R. 298.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair