



Task Force on Main Street Finance

SUMMARY OF RECOMMENDATIONS

The 21st century economy holds the potential for significant growth and economic mobility, but too many Americans—especially in small towns—feel vulnerable and see few avenues for advancement. A chief concern is how to better support small businesses and entrepreneurs that are vital for innovation and job creation so they can prosper and grow. The Bipartisan Policy Center’s Task Force on Main Street Finance evaluated the financing challenges facing startups and small business owners, and issued the following recommendations:

SECTION I. IMPROVING DATA ON SMALL BUSINESS FINANCING

- Congress should move the collection and storage of small business lending data required under the Dodd-Frank Act from the Consumer Financial Protection Bureau (CFPB) to the Office of Financial Research (OFR).
- Congress should mandate that the Office of Advocacy in the Small Business Administration (SBA) work with the OFR to review and publish assessments of the data collected.
- The CFPB should implement the Dodd-Frank Act’s data-collection provisions in stages, beginning with loan-origination data already collected by lenders.
- The Internal Revenue Service (IRS) should make small business tax data available to researchers.
- The SBA should digitize, aggregate, and anonymize select data from the Small Business Investment Company (SBIC) and Small Business Innovation Research (SBIR) programs and make the data available to SBA-approved entities.
- Congress should require the IRS to update its Income Verification Express Service (IVES) program to allow for faster access to summarized income tax information for loan applications; Congress should grant the IRS the authority to pay for this update by collecting reasonable fees from investors and lenders.

SECTION II. RECALIBRATING FINANCIAL REGULATION

- Congress should establish a national commission to conduct a comprehensive review of financial laws and regulations.
- Congress should establish a pilot program to test the efficacy of coordinated bank examination teams.
- Congress should subject additional financial regulatory agencies to the Small Business Regulatory Enforcement Fairness Act (SBREFA) process, which mandates consultation with small businesses for certain rulemaking processes.
- Financial regulatory agencies should update their definitions of a lender's Community Reinvestment Act (CRA) assessment area to account for recent innovations in banking.
- Regulators should ensure that their CRA regulations and supervisory practices encourage small business lending and investment to the same degree that they encourage other kinds of CRA lending and investments.
- The U.S. Treasury Department should undertake a comprehensive review of anti-money laundering rules to assess the costs of implementation and recommend ways to reduce their negative impact on lending.
- The federal prudential bank regulatory agencies should issue joint guidance to encourage innovation that will better and more efficiently detect money laundering and terrorism financing.
- The CFPB should adjust and clarify its qualified mortgage and ability-to-repay rules to better reflect the circumstances of small business borrowers who may not have a steady source of income.
- The SBA should build off the success of the QuickPay program to reduce the amount of time it takes federal small business contractors to get paid.
- While the Co-chairs have a range of opinions about the institutions to which this should apply, Congress should direct the Federal Trade Commission (FTC) to develop a simple disclosure form for loans and advances to small businesses.
- The federal banking agencies and the Federal Trade Commission should jointly assess whether small business borrowers find it difficult to understand the terms of the loan documents.
- Congress should amend the Fair Debt Collection Practices Act to apply to debts incurred by small businesses with less than \$500,000 in annual revenue.

SECTION III. MAKING U.S. CAPITAL MARKETS WORK BETTER FOR SMALL BUSINESSES

- The Securities and Exchange Commission (SEC) should review Regulation CF to identify ways to make it more effectively support crowdfunding campaigns, assess the costs and benefits of collecting more data, and analyze disparities in crowdfunding among different demographic groups.
- Congress should give the SEC the authority to raise the cap on how much wealthier individuals can invest in crowdfunding campaigns.
- The SBA should work with small business mentoring and training partners to identify gaps in these types of services to small businesses and take steps to improve access, including ensuring the agency and its partners are maximizing technology and e-learning strategies.
- SBA district offices should further partner with regional business accelerators and incubators to improve access to business resources and venture capital funding.

SECTION IV. PROMOTING INNOVATION AND INTEGRATING TECHNOLOGY

- Federal and state financial regulatory agencies should establish technology and innovation offices. Each office should create a “greenhouse” to work in partnership with the private sector to use technology to promote responsible financial innovation with prudent risk management.
- Congress should amend the National Bank Act to authorize the Office of the Comptroller of Currency (OCC) to issue a federal charter for nonbank financial companies.
- States should continue to work together through the Conference of State Bank Supervisors to harmonize requirements, supervision, and coordination for nonbanks operating in multiple states.
- Federal bank regulatory agencies working through the Federal Financial Institutions Examination Council (FFIEC) should develop joint guidance for third-party vendor management.
- The FFIEC should develop a common standard to certify when vendors have complied with third-party guidelines.

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