

**OPENING STATEMENT
AS PREPARED FOR DELIVERY**



**Chairman Tim Huelskamp
Subcommittee on Economic Growth, Tax and Capital Access
“Bearing the Burden: Over-regulation’s Impact on Small banks and Rural
Communities”
AS PREPARED FOR DELIVERY
June 9, 2016**

Good morning. Thank you all for being with us today. I call this hearing to order.

It has been just about six years since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and in that time we have seen a steady stream of new rules and regulations imposed upon financial institutions. These hundreds of rules and thousands of pages of regulation have been touted as necessary to secure financial stability, and targeting just those large institutions which were blamed for the financial collapse. But as this committee has learned, our small, community banks have not been spared from the regulatory burden.

Across the country community banks are seeing the costs of complying with regulations soar, and the result has been less capital available for the main street shop looking to expand, for the entrepreneur looking to start a business, or for our neighbor hoping to purchase a new home. The impact of regulation on community banks is felt especially hard in our country’s rural areas, like my district in Kansas.

The rising cost of regulation is causing many small banks to merge with large entities that may not understand the local community, or causing some to shut their doors completely. In rural towns without many other alternatives for access to capital, the results of top-down regulation can be devastating and impact the whole town. Home mortgage lending, small business lending, agricultural lending— all areas where community banks play a lead in providing capital— become much more difficult, and much more costly to consumers.

Our rural communities are still feeling the harsh effects of the recession. During the so-called “recovery,” growth in business establishment was reserved for the big cities. From 2010-2014, a full half of all new businesses were started in just 20 of our nation’s counties— all near large metropolitan centers. During that same time, rural counties have actually seen a decrease in business establishment. More businesses are closing for good than opening up.

At today’s hearing, we will hear about the impact financial regulations are having on our rural communities from those who see it every day, including from within my home district, Kansas’s First District. Discussions of financial reform are often centered on big cities and large institutions. But today we will hear from those areas which can too often be overlooked in these conversations. I thank the witnesses for being here this morning. We look forward to your testimony.

I now yield to Ranking Member Chu for her opening remarks.