

Annie E. McDaniel
District No. 41
Columbia 803-212-6789
Chester 803-581-0233
Fairfield 803-815-4037
Richland 803-576-1907
P. O. Box 11867
Columbia, SC 29211-1867



330-C Blatt Building
Columbia, SC 29201

Tel. (803) 212-6789

AnnieMcDaniel@schouse.gov

House of Representatives

State of South Carolina

Committees:

Agriculture, Natural Resources
and Environmental Affairs
Operations and Management, 1st VC

Subcommittee:

Environmental Affairs

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To Whom It May Concern:

South Carolina is on the verge of an economic renaissance. More and more companies are recognizing the benefits of working right here within the Palmetto State, creating new jobs and opportunities for our communities. Among this list includes Scout Motors, who has made a \$2 billion investment to establish their first manufacturing plant. While this is certainly an exciting time for us, I am worried that our financial comeback may be derailed by the recent regulation that seeks to mandate higher capital requirements for banks.

Allowing this proposal to move forward would stop countless projects in their tracks before they even get started, harming our economic development. As you may know, many of the new companies and businesses moving to our area will want to build new infrastructure for their operations. State developers often lead these efforts, partnering with banks to obtain the necessary capital and financing for these projects. However, the proposal to increase bank capital requirements would all but cut off this access to credit as banks shrink their risk portfolios. That would leave various initiatives on hold, preventing companies from being able to move in and bring in new jobs to South Carolina.

Not only would infrastructure for new businesses be negatively affected, but so would our region's housing market. My constituents and new families moving into South Carolina are already worried about how much housing prices have gone up over the last few years. This, combined with 8% mortgage rates, have created one of the most unaffordable housing markets of recent memory. Finalizing new capital requirements for banks would only contribute to this unaffordability crisis. Banks would reduce the number of mortgages they offer while also making them more expensive for borrowers to take on. It would leave countless residents, old and new, having to rent for years instead of building equity for their families as homeowners.

Enacting higher capital requirements would deter businesses from investing in South Carolina and worsen an already dire housing situation. We need to reject this regulation now so we can address the real problems that afflict our state for the better.

Sincerely,

Representative Annie E. McDaniel
House District 41