

From: Rep. Donovan McKinney (District 14) <DonavanMcKinney@house.mi.gov>
Sent: Thursday, November 09, 2023 7:37 PM
To: Comments
Subject: [EXTERNAL MESSAGE] Comments on RIN: 3064-AF29



November 9, 2023

To Whom It May Concern:


Increasing capital requirements on banks is a financial regulatory measure that aims to enhance the stability and resilience of the financial system. While I understand that regulations are put in place to protect our economy from crises, I also must point out that an increase in capital requirements is inessential right now.

Banks in the U.S. are already required to hold more capital than banks in Europe, with their capital ratio being greater by more than two percentage points. Additionally, the Federal Reserve has stated that our banks are “well positioned to weather a severe recession.” Furthermore, an increase in capital requirements would be detrimental to our economy as a whole, namely clean energy projects that rely on banks for funding. Higher capital requirements would limit a bank's lending capacity because they need to set aside more capital. This would restrict financing options for clean energy projects, which often require significant investment. Banks may also charge higher interest rates on loans to compensate for the increased capital requirements. The higher cost of capital can make clean energy projects more expensive, potentially deterring investors and slowing down their development.

A lack of funding will cause delays in project implementation and the achievement of climate-related goals. The Biden administration has pushed for their clean energy plan to combat the effects of climate change and this proposal would impede any progress. For the reasons outlined above, I ask that you reconsider the proposal to increase capital requirements on banks.

If you have any questions, please do not hesitate to reach out to me. Thank you for your consideration.

Sincerely,



Donavan McKinney
State Representative
Michigan's 14th House District