

**DEPARTMENT OF TREASURY****Office of the Comptroller of the Currency**

[Docket ID OCC–2019–0021]

**FEDERAL RESERVE SYSTEM****FEDERAL DEPOSIT INSURANCE CORPORATION****Reporting of Data on Loans to Small Businesses and Small Farms**

**AGENCY:** Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

**ACTION:** Request for comment.

**SUMMARY:** The OCC, the Board, and the FDIC (collectively, the agencies) are requesting comment on ways to modify the current requirements for reporting data on loans to small businesses and small farms in the Consolidated Reports of Condition and Income (Call Report) so that the reported data better reflect lending to these sectors of the U.S. economy.

**DATES:** Comments must be received by the agencies no later than December 16, 2019.

**ADDRESSES:** Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to “Loans to Small Businesses and Small Farms,” will be shared among the agencies.

*OCC:* Commenters are encouraged to submit comments through the Federal eRulemaking Portal or email, if possible. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—Regulations.gov Classic or Regulations.gov Beta*

*Regulations.gov Classic:* Go to <https://www.regulations.gov/>. Enter “Docket ID OCC–2019–0021” in the Search Box and click “Search.” Click on “Comment Now” to submit public comments. For help with submitting effective comments please click on “View Commenter’s Checklist.” Click on the “Help” tab on the *Regulations.gov* home page to get information on using *Regulations.gov*, including instructions for submitting public comments.

*Regulations.gov Beta:* Go to <https://beta.regulations.gov/> or click “Visit New Regulations.gov Site” from the *Regulations.gov* classic homepage. Enter “Docket ID OCC–2019–0021” in the Search Box and click “Search.” Public comments can be submitted via the “Comment” box below the displayed

document information or click on the document title and click the “Comment” box on the top-left side of the screen. For help with submitting effective comments please click on “Commenter’s Checklist.” For assistance with the *Regulations.gov* Beta site please call (877) 378–5457 (toll free) or (703) 454–9859 Monday–Friday, 9 a.m.–5 p.m. ET or email to [regulations@erulemakinghelpdesk.com](mailto:regulations@erulemakinghelpdesk.com).

- *Email:* [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov).
- *Mail:* Chief Counsel’s Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E–218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

*Instructions:* You must include “OCC” as the agency name and “Docket ID OCC–2019–0021” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this request for comment by any of the following methods:

- *Viewing Comments Electronically—Regulations.gov Classic or Regulations.gov Beta*

*Regulations.gov Classic:* Go to <https://www.regulations.gov/>. Enter “Docket ID OCC–2019–0021” in the Search box and click “Search.” Click on “Open Docket Folder” on the right side of the screen.

Comments and supporting materials can be viewed and filtered by clicking on “View all documents and comments in this docket” and then using the filtering tools on the left side of the screen. Click on the “Help” tab on the *Regulations.gov* home page to get information on using *Regulations.gov*. The docket may be viewed after the close of the comment period in the same manner as during the comment period.

*Regulations.gov Beta:* Go to <https://beta.regulations.gov/> or click “Visit New Regulations.gov Site” from the *Regulations.gov* classic homepage. Enter “Docket ID OCC–2019–0021” in the Search Box and click “Search.” Click on

the “Comments” tab. Comments can be viewed and filtered by clicking on the “Sort By” drop-down on the right side of the screen or the “Refine Results” options on the left side of the screen. Supporting Materials can be viewed by clicking on the “Documents” tab and filtered by clicking on the “Sort By” drop-down on the right side of the screen or the “Refine Results” options on the left side of the screen.” For assistance with the *Regulations.gov* Beta site please call (877) 378–5457 (toll free) or (703) 454–9859 Monday–Friday, 9 a.m.–5 p.m. ET or email to [regulations@erulemakinghelpdesk.com](mailto:regulations@erulemakinghelpdesk.com).

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

- *Viewing Comments Personally:* You may personally inspect comments at the OCC, 400 7th Street SW, Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649–6700 or, for persons who are deaf or hearing impaired, TTY, (202) 649–5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect comments.

*Board:* You may submit comments, which should refer to “Loans to Small Businesses and Small Farms,” by any of the following methods:

- *Agency Website:* <http://www.federalreserve.gov>. Follow the instructions for submitting comments at: <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.

- *Email:* [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include “Loans to Small Businesses and Small Farms” in the subject line of the message.

- *Fax:* (202) 452–3819 or (202) 452–3102.

- *Mail:* Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

All public comments are available on the Board’s website at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons.

Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452–3684. Upon arrival, visitors will be required to

present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

**FDIC:** You may submit comments, which should refer to “Loans to Small Businesses and Small Farms,” by any of the following methods:

- **Agency Website:** <https://www.fdic.gov/regulations/laws/federal/>. Follow the instructions for submitting comments on the FDIC’s website.

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. Follow the instructions for submitting comments.

- **Email:** [comments@FDIC.gov](mailto:comments@FDIC.gov). Include “Loans to Small Businesses and Small Farms” in the subject line of the message.

- **Mail:** Manuel E. Cabeza, Counsel, Attn: Comments, Room MB-3128, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

- **Hand Delivery:** Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

**Public Inspection:** All comments received will be posted without change to <https://www.fdic.gov/regulations/laws/federal/> including any personal information provided. Paper copies of public comments may be requested from the FDIC Public Information Center, 3501 North Fairfax Drive, Arlington, VA 22226, or by telephone at (877) 275-3342 or (703) 562-2200.

**FOR FURTHER INFORMATION CONTACT:**

**OCC:** Cady Codding, Senior Policy Accountant, Office of the Chief Accountant, (202) 649-5764; Kevin Korzeniewski, Counsel, Chief Counsel’s Office, (202) 649-5490; or for persons who are deaf or hearing impaired, TTY, (202) 649-5597.

**Board:** Douglas Carpenter, Senior Supervisory Financial Analyst, Division of Supervision and Regulation, (202) 452-2205, Board of Governors of the Federal Reserve System, 20th and C Streets NW, Washington, DC 20551.

**FDIC:** Shannon Beattie, Chief, Accounting and Securities Disclosure Section, Division of Risk Management Supervision, (202) 898-3952, [sbeattie@fdic.gov](mailto:sbeattie@fdic.gov); or Michelle Haslett, Examination Specialist, Division of Risk Management Supervision, (202) 898-6923, [mhaslett@fdic.gov](mailto:mhaslett@fdic.gov).

**SUPPLEMENTARY INFORMATION:**

**I. Background, Existing Collection, and Use of Data**

**A. History of the Data Collection**

Section 122 of the Federal Deposit Insurance Corporation Improvement Act

of 1991<sup>1</sup> required the agencies to establish an annual data collection from insured depository institutions on lending to small businesses and small farms. The agencies implemented the statute by introducing Schedule RC-C, Part II, to the Call Report<sup>2</sup> effective June 30, 1993.<sup>3</sup> Initially, this schedule was completed annually as of every June 30. However, to improve the agencies’ ability to assess the availability of credit to small businesses and small farms in the aftermath of the financial crisis, the agencies changed the reporting frequency for Schedule RC-C, Part II, from annually to quarterly beginning with the March 31, 2010, Call Report.<sup>4</sup> In 2017, as part of the Federal Financial Institutions Examination Council’s Call Report burden reduction initiative, the agencies reduced the reporting frequency of Schedule RC-C, Part II, from quarterly to semiannually for institutions that file the FFIEC 051 Call Report.<sup>5</sup> The reporting frequency of Schedule RC-C, Part II, remains quarterly for institutions that file the FFIEC 031 and the FFIEC 041 Call Report.<sup>6</sup>

**B. Data Currently Collected**

The current data collection in Schedule RC-C, Part II, generally requests information on (i) loans to small businesses, which are defined as loans with original amounts of \$1 million or less that are reported as “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans” (in domestic offices) in Call Report Schedule RC-C, Part I, items 1.e and 4; and (ii) loans to small farms, which are defined as loans with original amounts of \$500,000 or less that are reported as “Loans secured by farmland (including farm residential and other improvements)” and “Loans to finance agricultural production and other loans

<sup>1</sup> 12 U.S.C. 1817 note.

<sup>2</sup> The “Call Report” consists of the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031), the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), and the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less than \$5 Billion (FFIEC 051). U.S. branches and agencies of foreign banks file the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002). The FFIEC 002 includes Schedule C, Part II, Loans to Small Businesses and Small Farms, which is collected only from insured U.S. branches of foreign banks and parallels Call Report Schedule RC-C, Part II.

<sup>3</sup> 57 FR 54235 (November 17, 1992).

<sup>4</sup> 74 FR 68322 (December 23, 2009).

<sup>5</sup> 82 FR 2444 (January 9, 2017).

<sup>6</sup> In the FFIEC 002, Schedule C, Part II, is collected annually as of June 30 from insured U.S. branches of foreign banks.

to farmers” (in domestic offices) in Call Report Schedule RC-C, Part I, items 1.b and 3. The agencies currently request the total number and total amount outstanding for each of these four categories of loans, which are stratified into three segments based on the original amounts of the loans. For loans to small businesses, the stratifications are original amounts of \$100,000 or less, original amounts of more than \$100,000 through \$250,000, and original amounts of more than \$250,000 through \$1 million. For loans to small farms, the stratifications are original amounts of less than \$100,000, original amounts of more than \$100,000 through \$250,000, and original amounts of more than \$250,000 through \$500,000.

Institutions that do not hold loans that meet the definition of small business or small farm loans do not need to provide data in Schedule RC-C, Part II, for that particular type of loan. Institutions that file the FFIEC 041 or the FFIEC 051 Call Report and hold small business or small farm loans predominantly in original amounts of \$100,000 or less report only the total number of the loans in each loan category within that particular type of loan, and do not need to provide the full stratification. Further details about the collection of loans to small businesses and small farms are provided in the applicable Call Report instructions (FFIEC 031, FFIEC 041, or FFIEC 051).<sup>7</sup>

**C. Uses of the Data**

Among the agencies, the Board is the primary user of the data collected on loans to small businesses and small farms.<sup>8</sup> Collection of these data improves the Board’s ability to monitor credit conditions facing small businesses and small farms and significantly contributes to its ability to develop policies intended to address any problems that arise in credit markets. The institution-level Call Report data provide information that cannot be obtained from other indicators of small business and small farm credit conditions. For example, during a period of credit contraction, the Call Report data can be used to identify which types of institutions are reducing the volume of their loans to small businesses and small farms. Having detailed data on the characteristics of affected institutions is crucial to building a sufficiently informative picture of the strength of economic activity.

Monetary policymaking benefits importantly from timely information on

<sup>7</sup> [https://www.ffiec.gov/ffiec\\_report\\_forms.htm](https://www.ffiec.gov/ffiec_report_forms.htm).

<sup>8</sup> See 82 FR 2444, 2454 (January 9, 2017).

small business credit conditions and flows. To determine how best to adjust the federal funds rate over time, the Board must continuously assess the prospects for real economic activity and inflation in coming quarters. Credit conditions have an important bearing on the evolution of those prospects over time, and so the Board pays close attention to data from Call Reports. In trying to understand the implications of aggregate credit data for the macroeconomic outlook, it is helpful for the Board to be able to distinguish between conditions facing small firms and those affecting other businesses for several reasons. First, small businesses comprise a substantial portion of the nonfinancial business sector, and so their hiring and investment decisions have an important influence on overall real activity. Second, because small businesses tend to depend more heavily on depository institutions for external financing, they likely experience material swings in their ability to obtain credit relative to larger firms. Third, the relative opacity of small businesses and their consequent need to provide collateral for loans is thought to create a “credit” channel for monetary policy to influence real activity. Specifically, changes in monetary policy may alter the value of assets used as collateral for loans, thereby affecting the ability of small businesses to obtain credit, abstracting from the effects of any changes in loan rates. Finally, the credit conditions facing small businesses and small farms differ substantially from those facing large businesses, making it necessary to collect indicators that are specific to these borrowers. Large businesses may access credit from a number of different sources, including the corporate bond market and the commercial paper market. In contrast, small businesses and small farms rely more heavily on credit provided through depository institutions. The dependence of small businesses and small farms on lending by depository institutions—particularly from smaller institutions—highlights the importance of the Call Report data reported in Schedule RC–C, Part II.

## II. Current Actions

### A. GAO Report

The U.S. Government Accountability Office (GAO) reviewed the data collected on Call Report Schedule RC–C, Part II, Loans to Small Businesses and Small Farms, as part of a study of the effect of regulations on small business

lending.<sup>9</sup> In summarizing its findings with respect to the Call Report data on loans to small businesses, the GAO stated that

[t]he data community banks report to regulators do not accurately capture lending to small businesses because the data exclude some loans to small businesses. Specifically, the definition of small business loans used for banks’ reporting excludes loans greater than \$1 million and has not been adjusted for inflation since 1992. In addition, the data capture loans by their size rather than the size of the borrowing entity, and therefore could include small loans to large businesses. These limitations hamper regulators’ and policymakers’ ability to assess actual changes in banks’ small business lending, including any effect of regulation.

At the conclusion of this study, which was published in August 2018, the GAO recommended that the agencies should collaborate to reevaluate, and modify as needed, the requirements for the data banks report in the Call Report to better reflect lending to small businesses.

In response to this recommendation, the agencies are reviewing the data currently collected on small business and small farm loans on Schedule RC–C, Part II, in the Call Report to identify options for improving the usefulness of the data reported on these loans so that the data will better reflect lending to small businesses and small farms.

The agencies also recognize that institutions already have processes in place that enable them to report their small business and small farm lending data in the Call Report in accordance with the reporting instructions for Schedule RC–C, Part II, which generally have not been revised since the implementation of Schedule RC–C, Part II, in 1993. Thus, introducing revisions to the reporting requirements and the instructions for Schedule RC–C, Part II, could affect the burden of the collection of small business and small farm lending data on institutions. Certain options for revisions may change burden in differing ways, particularly if the options are not aligned with how institutions currently identify loans to small businesses and small farms and then collect and report data on these loans to their managements or internal purposes. The agencies are interested in learning what data institutions collect and maintain on small business and small farm loans in their loan systems and other automated systems for internal purposes in addition to the data required to be reported on these loans in Call Report Schedule RC–C, Part II,

<sup>9</sup> See Community Banks: Effect of Regulations on Small Business Lending and Institutions Appears Modest, but Lending Data Could Be Improved (GAO–18–312).

and how institutions are using these data internally, to identify which options may improve the usefulness of the Call Report data collection while considering the burden impact of any adjustments to the current reporting requirements for Schedule RC–C, Part II. The agencies will use the feedback received in response to this request for comment to assess what steps they should take in response to the recommendation from the GAO. After considering the feedback, if the agencies determine that a change to the existing collection of small business and small farm lending data in Schedule RC–C, Part II, is warranted, the agencies would seek further comment on a specific proposal to revise this Call Report schedule in accordance with the Paperwork Reduction Act.<sup>10</sup>

### B. Request for Comment

#### General Questions on Data

1. How do institutions internally report on their small business and small farm loan portfolios? What key indicator(s) do institutions use to define and monitor small business and small farm loan originations each quarter? Do institutions further subcategorize these loan portfolios based on initial loan size or other factors (such as the borrower’s gross annual revenue or the borrower’s number of employees)? In responding to these questions, commenters from banks and savings associations are encouraged to describe the internal reporting practices, key indicator(s), and any subcategorization at their individual institution.

2. What data do institutions regularly collect from small businesses and small farms related to outstanding loans or commitments (such as gross annual revenues or asset size)? In responding to this question, commenters from banks and savings associations are encouraged to identify the data their institution regularly collects.

#### Questions Related to the Current Collection

3. As described in Section I.B. above, the agencies’ collection classifies and stratifies loans as small business or small farm loans based on the original amounts of the loans. The maximum original amounts used to determine this classification have not changed since Schedule RC–C, Part II, took effect in 1993.

a. Should the agencies consider increasing the maximum original loan amounts for the reporting of loans to small businesses and small farms

<sup>10</sup> 44 U.S.C. chapter 35.

(currently \$1 million and \$500,000, respectively)? If so, what would be appropriate maximum original amounts for each type of loan?

b. Should the agencies continue to require loan stratification by original loan amount or just collect total amounts for small business and small farm loans without stratification? If the former and the maximum original loan amounts were increased, what would be appropriate original loan amounts for stratification?

c. Should the agencies incorporate an automatic or periodic adjustment for inflation for the maximum original loan amounts going forward?

4. Should the agencies raise the original amount threshold (currently \$100,000) for identifying institutions that hold small business or small farm loans with original amounts predominantly below that threshold that would not need to complete the full stratification in Schedule RC–C, Part II?

5. Should the agencies exempt institutions that hold less than a certain number or total amount of small business or small farm loans from reporting data on these loans in Schedule RC–C, Part II? If so, what would be an appropriate threshold for exemption and why?

#### Questions on Alternate Approaches

6. Should the agencies consider using other business and farm size indicators to identify or stratify loans, *e.g.*, the borrower's gross annual revenues or asset size, or should the agencies combine original loan amounts with one or more of these other indicators to identify or stratify loans?

a. Would other indicators provide a better measure to identify small business and small farm loans than the original loan amount? If so, which indicators?

b. Are such indicator data available back to the origination dates of existing loans? If so, are the data available in your institution's automated loan systems or in manual form, *e.g.*, in individual borrowers' loan files?

c. If only current indicator data are available, would the current data generally be representative of what the indicator data would have been at origination? Are the current indicator data available in your institution's automated loan systems or in manual form?

7. Should the agencies consider referencing other recognized standards for small business classification, such as the U.S. Small Business Administration's size thresholds for

small businesses, as a way to identify or stratify loans?<sup>11</sup>

8. Should the agencies consider collecting data only on new loans made during the reporting period (*i.e.*, originations) instead of data on total loans outstanding as of the end of the reporting period regardless of when originated?

9. Are there other approaches the agencies should consider for the identification of, and the collection of information on, small business or small farm loans?

#### Questions on Potential Challenges and Burden

10. What provisions of the existing Schedule RC–C, Part II, instructions, including the definitions of loans to small businesses and loans to small farms, create difficulties for your institution in reporting in this schedule today? How might the agencies address these issues to reduce reporting burden?

11. What challenges or burden would your institution experience under each of the various options to revise the collection of small business and small farm loan data (*i.e.*, raise existing original amount thresholds; use new indicators to identify small business and small farm loans outstanding as of the end of the reporting period regardless of when the loans were acquired (originated or purchased); use a combination of existing or higher original amount thresholds and new indicators for identifying and stratifying loans outstanding as of the end of the reporting period; collect data only on loan originations during the reporting period rather than total loans outstanding as of the end of the reporting period)?

a. How would burden be affected if a revised method for identifying and reporting small business and small farm loans applies only to loans acquired after the date the revised method takes effect and the collection of data excludes loans held when the revised method takes effect?

b. How would burden be affected if loans acquired after the date the revised method takes effect are reported under a revised method while loans held when the revised method takes effect continue to be reported under the existing Schedule RC–C, Part II, framework, *i.e.*, only by original loan amount?

c. If a revised method were to be used for identifying loans to be reported in Schedule RC–C, Part II, how much lead time would your institution need before you would be prepared to begin reporting under this revised method?

How would lead times differ for the various options referenced above in this question?

Dated: October 10, 2019.

**Morris R. Morgan,**

*First Deputy Comptroller, Comptroller of the Currency.*

Board of Governors of the Federal Reserve System, October 7, 2019.

**Ann Misback,**

*Secretary of the Board.*

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on October 8, 2019.

**Annamarie H. Boyd,**

*Assistant Executive Secretary.*

[FR Doc. 2019–22568 Filed 10–16–19; 8:45 am]

**BILLING CODE 4810–33–P; 6210–01–P; 6714–01–P**

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### Proposed Collection; Comment Request for Form Project

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice and request for comments.

**SUMMARY:** The Internal Revenue Service, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on continuing information collections, as required by the Paperwork Reduction Act of 1995. The IRS is soliciting comments concerning gas guzzler tax.

**DATES:** Written comments should be received on or before December 16, 2019 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Dr. Philippe Thomas, Internal Revenue Service, Room 6529, 1111 Constitution Avenue NW, Washington, DC 20224.

#### **FOR FURTHER INFORMATION CONTACT:**

Requests for additional information or copies of the form should be directed to Kerry Dennis, at (202) 317–5751 or Internal Revenue Service, Room 6529, 1111 Constitution Avenue NW, Washington, DC 20224, or through the internet, at [Kerry.Dennis@irs.gov](mailto:Kerry.Dennis@irs.gov).

#### **SUPPLEMENTARY INFORMATION:**

*Title:* Gas Guzzler Tax.

*OMB Number:* 1545–0242.

*Form Number:* Form 6197.

*Abstract:* Internal Revenue Code section 4064 imposes a gas guzzler tax on the sale, use, or first lease by a manufacturer or first lease by a manufacturer or importer of automobiles whose fuel economy does

<sup>11</sup> See 13 CFR 121.201.