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INSIGHT

Financial Services Provisions in the FY2022 Consolidated Appropriations Act (P.L. 117-103)

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On March 15, 2022, the Consolidated Appropriations Act, 2022 (H.R. 2471, also called the "FY2022 omnibus"), was signed into law as P.L. 117-103. The act includes a number of divisions not directly related to appropriations that address various policy areas. This Insight summarizes the provisions related to financial services that appear outside of the appropriations divisions of the act.

Division O, Title I—Flood Insurance

Title I of Division O reauthorizes the National Flood Insurance Program (NFIP) until September 30, 2022. The statute for the NFIP does not contain a comprehensive expiration, termination, or sunset provision for the whole of the program. Rather, the NFIP has multiple different legal provisions that generally tie to the expiration of key components of the program. Since the end of FY2017, 19 short-term NFIP reauthorizations have been enacted. Unless reauthorized or amended by Congress, on September 30, 2022, (1) the authority to provide new flood insurance contracts will expire, and (2) the authority for NFIP to borrow funds from the Treasury will be reduced from $30.425 billion to $1 billion. (Funding for the NFIP is also included in Title III of Division F, one of the appropriations divisions of the act.)

For more information, see CRS Report R44593, *Introduction to the National Flood Insurance Program (NFIP)*.

Division Q, Title I—Fraud and Scam Reduction

Division Q, Title I, establishes a Senior Scams Prevention Advisory Group to prevent scams that target seniors. Specifically, the legislation requires the Federal Trade Commission (FTC) to establish a new office dedicated to preventing fraud targeting seniors and monitoring the market for such fraud. The FTC must form an advisory group to collect and implement best practices to prevent scammers from causing harm and educate the public on fraud that targets seniors. The advisory group must include, among others, the FTC chairman, the Secretary of the Treasury, a member of the Federal Reserve Board, another bank

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regulator, and the director of the Consumer Financial Protection Bureau (CFPB). The legislation also establishes within the CFPB an FTC office that will advise the FTC about preventing fraud targeting seniors and will provide oversight and consumer education and log consumer complaints.

Division T—Credit Union Governance Modernization Act

Division T amends the procedure for expelling members (e.g., account holders) from federal credit unions. Federal credit unions could previously expel a member by either (1) a majority vote of the board of directors of a credit union based on nonparticipation in the affairs of the credit union or (2) a two-thirds vote of the credit union membership present at a special meeting called for the purpose of expelling a member. Division T allows federal credit unions to expel individual members for cause by a two-thirds vote of the directors of the credit union. Member conduct that may be cause for expulsion includes bringing about a loss to the credit union, violating a credit union's membership agreement, disrupting the operations of a credit union, participating in fraud or attempted fraud, and other illegal or inappropriate behavior. The expelled member may request reinstatement by the credit union's board.

For more information, see CRS In Focus IF11713, *Introduction to Financial Services: Credit Unions*.

Division U—Adjustable Interest Rate (LIBOR) Act

The London Interbank Offered Rate (LIBOR) is a key benchmark interest rate underpinning many financial contracts with adjustable interest rates, but it is being discontinued between December 2021 and June 2023 in response to earlier manipulation. Some "legacy contracts" do not include fallback language that explicitly addresses what would happen if LIBOR is discontinued. Division U overrides these legacy contracts, including federally guaranteed student loans, to ensure they continue operating after LIBOR's disappearance by converting them to a rate chosen by the Federal Reserve based on the Secured Overnight Financing Rate (SOFR).

For more information, see CRS In Focus IF11315, *The LIBOR Transition*.

Division Y—Cyber Incident Reporting for Critical Infrastructure Act of 2022

Division Y requires that "covered entities" report a "covered cyber incident" or ransomware payment to the Cybersecurity and Infrastructure Security Agency within 72 and 24 hours of occurrence, respectively. As outlined in Presidential Policy Directive 21, *covered entities* includes financial services companies. The terms *covered entity* and *covered cyber incident* are to be defined by future rulemakings, the former based on the consequences and the likelihood of the firm being targeted and the latter based on the extent to which the incident would disrupt critical infrastructure. Covered incidents should include, at a minimum, any incident that leads "to substantial loss of confidentiality, integrity, or availability of such information system or network, or a serious impact on the safety and resiliency of operational systems and processes."

For more information, see CRS Report R46944, *Cybersecurity: Comparison of Selected Cyber Incident Reporting Bills—In Brief*.

Division HH, Title III—CARES Act Semiannual Testimony

In response to the economic disruption caused by the COVID-19 pandemic, Title IV of the CARES Act (P.L. 116-136) allocated $500 billion to the Department of the Treasury to make loans and guarantees for three specified industries—passenger airlines, cargo airlines, and businesses critical to national security—and to support Federal Reserve lending facilities. The authority to draw down these funds expired on December 31, 2020, and programs tied to them have lapsed. Section 4026(c) of the CARES Act required the Treasury Secretary and Federal Reserve chair to testify before Congress quarterly. Division HH, Title III, of the omnibus reduces the frequency to semiannually and sunsets the requirement at the end of 2027.

For more information, see CRS Report R46329, *Treasury and Federal Reserve Financial Assistance in Title IV of the CARES Act (P.L. 116-136)*.

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