

Issues & Answers

September 2024

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Bipartisanship Critical for Advocacy Success



*By Glen Simecek,
President & CEO,
Washington Bankers
Association*

As we head into the fall election season, an already divided public is expected to become hyper-partisan. Far too many party partisans will spend their time attempting to demonize the other side; unfortunately, it's enough to drive moderate voters to tune out entirely or base their decision on hyperbolic campaign ads rather than informed analysis.

If the fringes of both parties could stop taking up all the oxygen, it would be easier for the moderates on both sides to discuss working together to fix the challenges facing our state.

That's why WBA has always taken pride in maintaining a commitment to bipartisanship in our engagement with elected officials. When making decisions about WashBankPAC contributions, we spend little time worrying about the initials behind the candidates' names. Instead, we ask whether a person is committed to the free market system, understands banks'

unique and vital role in their communities, and is willing to listen to our perspective on important issues.

In today's political climate, we have to double down on that commitment to bipartisanship.

If things develop as forecasted in November, Democrats will hold onto strong majorities in both chambers of the Legislature. They may even approach super-majority numbers. Beyond the sheer numbers, the majority caucuses are expected to become even more progressive with the retirement of some prominent moderate members.

Potentially more troubling is that when the 2025 Legislature is gaveled into session, very few lawmakers in Olympia have ever had to develop a budget with anything other than significant revenue growth. That could be the case next year; state revenue collections are forecast to continue growing, albeit slower than at any time in the last decade. Additionally, several initiatives on the ballot, especially measures to rescind the capital gains tax and the Climate Commitment Act, can potentially remove billions from the state's coffers.

Unfortunately – and unsurprisingly – some

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legislators reacting to these potential developments have already declared a “budget crisis.” They seem focused on finding new sources to replace lost revenue rather than prioritizing spending.

Our legislative priorities for the coming session aren’t significantly different from those in recent years. We will continue to oppose new taxes on our industry and customers, the expansion of credit union powers, and the creation of a state bank. On a more positive note, we will support comprehensive financial education programs, and we’ve been working with the State Treasurer’s office to advance the financial education bill that they plan to reintroduce this year.

While the issues remain similar, our advocacy tactics must continue to evolve. At our recent Government Relations Committee strategy session, Paul Graves of Enterprise Washington offered some thought-provoking advice. Paul’s message was that the business community needs to unite and not let partisan ideas fracture the group because there is no longer a large enough Republican caucus to slow or stop bad ideas.

Of course, we will continue to appreciate our strong relationships with our Republican friends and work with them to support good candidates from the party. But we can’t and won’t limit our efforts to engaging our traditional allies. We must identify more moderate legislators and cultivate relationships with those on both sides of the aisle.

A big part of this process is becoming an active member of coalitions of industries that share similar goals. We already do that with the United Financial Lobby, but we can expect to see more issue-specific coalitions forming to oppose bad proposals.

Our colleagues at the California Bankers Association are making some progress with this strategy. Facing a similarly challenging electoral landscape and policy environment, they’ve done a lot of work cultivating allies and building coalitions within the broader business community in the Golden State. They’ve succeeded on several legislative topics, including climate emission, privacy, and more. They’ve also made a point of trying to build bridges with lawmakers who, while many have not traditionally been strong on banking issues, are at least open to having the conversation.

Finally, as we talk with these legislators, we also must find ways to frame the issues in terms that are more likely to resonate with their priorities. Talking about issues like we always have may not be the most effective way to advance our agenda.

None of this will be easy. But it’s essential work for our association.

Contact Us

Contact the Washington Bankers Association at 601 Union Street, Suite 1720, Seattle, WA 98101

Call us at (206) 447-1700 and visit us on the web at wabankers.com.

Connect With Us

Connect with the WBA online by following us on our social media accounts.

On the Cover

On June 8, the Pioneer Fire was reported burning 31 miles NW of Chelan and quickly spread onto US Forest Service land. Part of the initial response included water from Lake Chelan, picked up by planes

Photo courtesy of USFWS - Pacific Region/flckr.com

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Defending the Dual Banking System



By Rob Nichols, President & CEO,
American Bankers Association

Since the time of President Lincoln, American consumers have benefited from a dual banking system, made up of both state-chartered institutions and federally chartered national banks.

This system—which can trace its roots back to the U.S. Constitution—allows consumers to have more choices. It offers them a robust marketplace of banks of different sizes and business models to meet their needs. And it enables the nation's more than 750 national banks to operate safely, soundly and efficiently across multiple jurisdictions under the supervision of the OCC, while at the same time allowing state banks to serve their communities with local supervision.

But this system, which has served our country well for more than 150 years, is now coming under threat, as lawmakers in both red states and blue states have begun to pass laws that will interfere with national bank operations, violate federal preemption and tread squarely on the OCC's turf.

Just look at the situation currently unfolding in Illinois, with the Interchange Fee Prohibition Act that was signed into law this summer as part of the state's budget legislation. This misguided law bans banks, credit unions, payments networks and other entities from charging or receiving interchange fees in Illinois on taxes and tips charged as part of a credit or debit card transaction.

This law—which will create unprecedented chaos and confusion for consumers and businesses if allowed to take effect—violates multiple federal statutes, including the National Bank Act and the Federal Credit Union Act, and cannot be enforced against national banks, federal savings institutions or state-chartered banks,

as well as federally and state-chartered credit unions. It also runs afoul of the Electronic Fund Transfer Act, which directly addresses the permissible amount of interchange fees for debit card transactions and does not carve out taxes and gratuities.

This law, a gift to corporate mega-retailers as part of a last-minute budget deal, is the first of its kind to pass in the nation. We can't let it stand and run the risk other states follow, which is why ABA is fighting back.

Together with the Illinois Bankers Association, America's Credit Unions and the Illinois Credit Union League, we filed a lawsuit challenging the law, and we are seeking a preliminary injunction pausing implementation until the court can rule on the merits of our case. With top outside lawyers assisting us, we have confidence we will prevail in this case, sending a strong message to other states looking to follow Illinois' lead.

We've seen a different kind of challenge to the dual banking system in other states. Florida and Tennessee have put in place their own safety and soundness tests, encroaching on the OCC's federal overnight of national banks.

Like ABA, the OCC has taken notice.

We've been encouraged by comments from Acting Comptroller Michael Hsu noting that his agency will continue to defend the dual banking system. The acting comptroller pointed out in recent remarks that "increasingly, banks are being asked by states to pick a side in service of performative politics rather than deliberative policy." This simply shouldn't be the case, and we will continue to urge the OCC to exercise its authority when states cross the line.

Our dual banking system has served Americans well for decades. ABA will continue to push back against efforts to undermine that system, and we'll keep pressure on regulators to do the same.

Email Rob at nichols@aba.com.



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Washington Bankers Invited to Join California Bankers Summit and Women in Banking Forum

The California Bankers Association (CBA) is hosting two essential conferences this fall that you will want to attend: The 2024 Bankers Summit and the 2024 Women in Banking Forum.

The Washington Bankers Association (WBA) is proud to partner with the CBA for these events, allowing bankers from Washington to attend at CBA member prices.

Bankers Summit 2024

The Bankers Summit will be held at Caesars Palace in Las Vegas from October 1-4, 2024. The event will feature curated content and exclusive sessions with instructors from Pacific Coast Banking School on topics such as:

- Risk management
- Regulatory compliance
- Lending and credit

Women in Banking Forum 2024

The Women in Banking Forum will also be held at Caesars Palace in Las Vegas from September 30 to October 1, 2024. The forum will feature a variety of sessions on topics such as:

- Leadership
- The evolving banking landscape
- Strategies for career advancement

Some of the highlighted speakers at the forum include:

- Sharon Dye, President of SDYA Consultancy
- Judi Giem, SVP & Chief Human Resources Officer at Tri Counties Bank
- Jennifer Schachterle, SVP, Sales and Business Development at Federal Home Loan Bank of San Francisco
- Lori Shao, CEO & Founder of Finli

The forum will also offer networking opportunities with other women in the banking industry.

Why Washington Bankers Should Attend

- Stay ahead of the curve: Learn about the latest trends and challenges facing the banking industry.
- Network with your peers: Connect with other bankers from California and Washington.
- Gain valuable insights: Attend sessions led by industry experts.

Registration

The registration fee for the Bankers Summit is \$1,195 for CBA members, \$1,395 for non-members, and \$450 for guests.

The CBA website www.calbankers.com/events/bankerssummit24 provides more information and registration for the conference.



Events Calendar

October 1 – CBA Women in Banking Forum; Las Vegas

October 1-4 – CBA Bankers Summit; Las Vegas

October 7 – Credit Analyst Development Program

October 7 – UBA AI-Native Banking & Fintech Conference; Salt Lake City

October 17 – Retail Branch Manager Development Program

October 29 – Understanding Bank Performance Program

January 21 – 2025 Executive Development Program

February – Virtual Commercial Lending Development Program

To register or to learn more about any of the listed events, please visit www.wabankers.com/calendar.

Energy Tax Credits: The Shifting Landscape



By Chris Brown, Shareholder, Karr Tuttle Campbell

The transition to renewable energy has created a new investment environment for regional and community banks. This article briefly summarizes the key changes for energy tax credit investors under the Inflation Reduction Act

(IRA). It also walks through an example and previews a few trends emerging as we head into the November elections.

Two game-changers under the IRA

At its core, the IRA is an industrial policy act. Therefore, it is vast and reaches well beyond tax law into manufacturing and energy development. This act is the centerpiece of President Biden's environmental agenda. It passed through Congress on strict party line votes in August of 2022 and was signed by the President on August 16, 2022. We now have just over two years of IRA-backed energy projects from which to survey the results. For energy developers and investors, two IRA policy changes stand out.

First, the amount of tax benefits under the IRA has been substantially increased. In the period from 2016 to 2022, the Investment Tax Credit (ITC) for solar and wind projects wavered from 12% to 30% of eligible project costs, depending on complex phase-out rules under prior law.

Starting in late 2022, the IRA locked in the ITC credit at 30% for projects that meet prevailing wage and ap-



prenticeship standards, and awarded various "adders" (for an extra 10% to 30%) on projects built with U.S.-made components, located in designated geographies, or serving energy challenged communities. Many IRA projects are now being built using an assumed 40% or 50% ITC credit in the capital stack. A similar increase in credit rates applies for the Production Tax Credit, which is the alternative tax credit regime that is based not on project cost, but instead on annual green energy production over 10 years.

The second policy change has been to permit credit transferability. In other words, the IRA allows project owners to sell their energy tax credits directly to third party investors, typically at a 5-15% discount. This transferability regime has expanded the ranks of energy credit investors and increased liquidity options for projects.

While vendible tax credits have previously been employed at the state level (Georgia's film credit is one example), the IRA's credit transferability rules have reset the board at the federal level and created new structures to fund energy projects.

An example – Transfer-Flip Structure

Here is an example: Assume a developer draws up a solar project in an energy community that will cost \$10 million, with tax equity funding 35%, or \$3.5 million. The remainder is funded with developer equity and debt. Also assume this project is eligible for a 40%

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By Spring Labs
OCTOBER 7 • SALT LAKE CITY

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Use code **WABANKERS** for 30% off tickets!

Register online: conference.springlabs.com



Washington Trust Bank Volunteers at Community Cancer Fund Showcase

At the end of July, the Washington Trust Bank team volunteered at the Community Cancer Fund's 10th annual Showcase Weekend.

The event raises awareness and funds to fight cancer and features a golf tournament, entertainment, and more.



U.S. Bank Volunteers at JamFest

The U.S. Bank Seattle team recently volunteered at the annual JamFest, which is hosted by Wing Luke Museum in the International District of Seattle.

The community participated in fun games and heard live performances from local artists.



Heritage Bank Volunteers at Kiwanis Salmon Bake

This summer, members of the Heritage Bank team in Federal Way volunteered for the annual Kiwanis Salmon Bake.

The event is the organization's largest fundraiser, which helps children.

Community First Bank Honors Richard Emery Business and Finance Scholarship Winners

Community First Bank, the 3 Rivers Community Foundation, and the Emery family recently announced the 2024 Richard C. Emery Business and Finance Scholarship winners.

Carley Nelson, Ryan Lee, Paola Valles, Emily Freeze, and



Kaden Harrison earned a scholarship.

The scholarship was created in 2022 to memorialize former Community First Bank president and CEO Richard Emery. It is for residents of Benton or Franklin County entering their freshman year or returning college students interested in business, finance, economics, or accounting.

First Interstate Bank Donates to Second Harvest Inland Northwest

First Interstate announced a \$25,000 donation to Second Harvest Inland Northwest this summer.

The grant is part of the bank's Believe in Local program, which recognizes local organizations working to improve their communities.



State Bank Northwest Participates in Spokane Valley Chamber Golf Tournament

The State Bank Northwest team recently participated in the annual Spokane Valley Chamber of Commerce golf tournament.

The event brings together businesses and partner organizations from across the area for a fun afternoon.

Olympia Federal Savings Donates to Capitol Land Trust

Olympia Federal Savings announced in July that it had donated to the Capitol Land Trust as part of its Two Cent Program.

The bank donated \$2,972, thanks to customers using their debit cards, where two cents for every use is donated to that month's charity of choice.

Yakima Federal Savings Participates in Local Parade, Cornhole Tournament

Yakima Federal Savings recently participated in the Moxee HopFest Parade at the beginning of August. The bank earned the Civic Pride award for its float with Penny Pigg-bank.

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The same weekend, the bank sponsored the Rotaract Cornhold Tournament in Yakima. The tournament raises money for scholarships for local students.



KeyBank Donates \$300,000 Grant to Cascade AIDS Project

This summer, KeyBank announced it made a \$300,000 grant to the Cascade AIDS Project (CAP).

The grant will help fund the Healthcare Equity Advocate program, which will help address disparities in healthcare access and outcomes.

CAP is the largest provider of HIV services and LGBTQ+ healthcare in Oregon and SW Washington. The grant will help increase capacity to serve racially diverse communities in a culturally informed and responsive way.

Mountain Pacific Bank Sponsors Golf Tournament

Once again, this summer, Mountain Pacific Bank sponsored the annual IRG Physical & Hand Therapy Charity



Golf Tournament.

The event benefitted the Imagine Children's Museum and Providence General Foundation.



Bank of America Volunteer Food Lifeline

In early August, the Bank of America team in Seattle volunteered at Food Lifeline.

The group sorted and packed 12,000 pounds of potatoes to be distributed to food banks throughout the area.



KeyBank Announces Grant to Nourish Pierce County

At the beginning of August, KeyBank announced a grant of \$150,000 to Nourish Pierce County.

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Industry News

New Hires

Kylie Balstad
Marketing Coordinator at Kitsap Bank

Promotions

Jon Ensch
Regional Commercial Director for Peoples Bank

Mike Fredlund
Regional Commercial Director at Peoples Bank

Alex Sansoni
Regional Commercial Director at Peoples Bank

Matt Hadlock
Vice President and Information Security Officer at Liberty Bank

Lori Milton
Senior Vice President and Chief Lending Officer at Evergreen Business Capital

Melissa Klitzke
Vice President and Commercial Banking Team Leader at Washington Trust Bank

Retirements

Claudia Houck
Baker Boyer Bank

Debbie Boucher
Kitsap Bank

Have Industry News to share with WBA? Email megan@wabankers.com or call (206) 344-3472.

WBA Hosts Networking Events at Baseball Games

In July and August, the WBA hosted two networking events at baseball games.

At the end of July, WBA headed to Spokane for an evening at the Spokane Indians game, in the Bud Bullpen, where the Indians earned the win on a walk-off home run.

The following week, in early August, the WBA hosted a similar event at the Seattle Mariner's celebrating the summer at Edgar's Home Run Porch, overlooking third base.

For more information about upcoming WBA networking events, follow us on LinkedIn at @washington-bankers-association or visit our online calendar.



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The grant will help support the opening of the newest food bank in Lakewood, which is designed to alleviate food and nutrition insecurity for thousands of people.

The new food bank features a new model where guests shop and check out, just as they would at a grocery store, but the food is free.

“At KeyBank, our mission is to help our communities thrive, and we believe that access to nutritious food is a fundamental human right and the cornerstone of a healthy future,” says South Puget Sound Market President Brian Marlow. “We are particularly inspired by Nourish Pierce County’s innovative approach to food assistance, which allows guests to shop with dignity and select the foods their family will most enjoy.”

Nourish operates six food banks and has 15 sites that mobile food banks can visit.

where Chase and Mercy Housing have partnered for many years to support the community.

Later in the summer, the bank also handed out backpacks at the Othello Park International Festival in one of the country’s most diverse areas.

Another event was held in partnership with GSBA, where scholarship recipients preparing to attend Seattle University learned about essential financial topics.



Chase Hands Out Backpacks During Back to School Season

Throughout the greater Northwest, members of the Chase bank team handed out backpacks for local students.

One such event was held at Emerald City Commons,

Washington Trust Bank and First Fed Support Homestead Community Land Trust Project

In July, Washington Trust Bank and First Fed were in the Phinney Ridge neighborhood of Seattle to celebrate the groundbreaking of Homestead Community Land Trust’s newest project.

The event celebrated the beginning of construction for two new affordable housing projects, including 38 permanently affordable condo homes tailored for income-qualified residents.

The two banks provided construction financing for the project.

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Olympia Federal Participates in Bunkers, Balls & Birdies Tournament

Olympia Federal Savings recently participated in the Gateway Rotary Club's annual Bunkers, Balls & Birdies golf tournament.

The event is the largest annual fundraiser for the Rotary Club and will help the William A. Bush Park Playground Project.



Washington Trust Bank Volunteers at Greater Vancouver Chamber Golf Tournament

Washington Trust Bank recently participated and volunteered at the Greater Vancouver Chamber of Commerce's annual Women's Golf Tournament.

This year's event, "Sip, Shop & Swing," raised money for the chamber and local nonprofits.



Sound Community Bank Celebrates National Night Out

At the beginning of August, Sound Community Bank's team in Mountlake Terrace participated in the annual National Night Out event.

The event brings city officials, businesses, and community members together.



Chase Host Financial Education Workshop for Local Students

This summer, Chase hosted a financial education workshop for students in Snohomish County.

Over 20 students from Archbishop, Monroe, Arlington, and Everett schools attended the event to learn about financial goals for the future.



Kitsap Bank Celebrates 116th Birthday

Kitsap Bank recently celebrated the bank's 116th birthday. The team celebrated with members of the community who stopped by branches.



Commencement Bank Participates in Enumclaw Chamber Bingo Tournament

This summer, the Commencement Bank team participated in the Enumclaw Chamber of Commerce's bingo tournament on Cole Street.

KeyBank Teaches Financial Education at Women's Shelter

In August, KeyBank hosted a financial education event at Ellen's Women Shelter in Kirkland. The shelter helps women face difficult situations, and financial education provides a foundation to help them move forward.

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10 Tips for Protecting Your Institution and Customers from Check Fraud

By Michael Rutledge Vice President, Payments Product Management, Vericast

Fraud has become more of a factor for consumers and businesses alike, especially check fraud. Several recent media reports have incorrectly positioned the process of sending checks via postal mail as unsafe. Despite those reports, checks are still a secure form of payment and one of the safest ways to send money.

Checking fraud typically takes three forms:

- Altered checks. Fraudsters steal a legitimate, signed check and alter the payee and/or amount. The check is then cashed, and funds are gone from the account before the account holder realizes the check didn't process as planned.
- Counterfeit checks. Fraudsters steal basic account information and use it to create fake checks.
- Stolen checks. Fraudsters outrightly steal newly ordered checks directly from the recipient's mailbox.

Fraud prevention measures enacted by check vendors ensure added security for financial institutions and their customers or members. To close the gap between expectation and reality, financial institutions must find new ways to restore confidence in the check ordering process and rise to meet their consumers' expectations for best-in-class check delivery. One of these ways is through trackable check delivery.

Let's review what you can do as a bank to protect yourself from check fraud and what advice you can provide your customers or members to ease their concerns.

When depositing or cashing a check for a customer or member:

- Be cautious of any checks that look like they have been tampered with (potentially washed or edited) or feel suspicious.
- Look for inconsistencies in numbers, names and addresses, especially when comparing against any identification.
- Be cautious of checks with low check numbers, no address listed, as well as checks without perforated edges at the top or the left side where they would have been part of a book.
- Send your customers' check orders via trackable, confirmable delivery. 68% of check buyers expect the delivery price to be included in the price of the product¹.
- Utilize your check vendor's fraud prevention methods including watermarks, chemical reactive paper, heat reactive ink, and holograms.

For customer, when ordering or paying with checks remember to:

- Order checks from a reputable source. Ideally, you should choose the company your financial institution recommends or another well-known, well-respected check provider with positive customer reviews and founded security measures. Additionally, make sure your check order is trackable with delivery confirmation. If the checks haven't arrived, notify your financial institution.
- Fill out the check properly and fully. Be sure to sign the signature line and fill out the amount in all places. Consider putting a line through any extra space to prevent additional information from being added.
- Bonus Tip: Only make checks payable to a person or business, not cash. If the check is written to cash and is lost or stolen, the check can be cashed by anyone. Additionally, only endorse a check when you are ready to cash or deposit it.
- Safeguard checks and account information by voiding used checks, shredding returned or erroneously written checks and securely storing any unused checks.
- Reconcile accounts within 30 days of using your statements or through online or mobile banking. Many financial institutions have alerts that notify you when a check has cleared, when a deposit has been made or for transactions over a certain dollar parameter you can set to your specifications.

When sending checks in the mail, it is recommended to:

- Avoid letting incoming or outgoing mail sit in the home mailbox, especially overnight
- Deposit outgoing mail at a local Post Office or by handing it to a letter carrier.
- Sign up for Informed Delivery and get daily digest emails that preview when mail and packages will be arriving.
- If you see something that looks suspicious, call 911.
- At Vericast, we're doing our part to keep your customers' check orders safe and secure.

For more information about Vericast's check fraud prevention measures, read our "Safeguarding Your Customers' Financial Security with Advanced Fraud Prevention Techniques" blog and download The Smart Banker's Guide to Mitigating Check Fraud.



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investment tax credit (i.e., a 30% base credit plus a 10% adder because it is located in targeted census tract). Finally, assume the project will sell all of its electricity to a utility under a long-term contract.

A bank might participate in this project either as a lender or a tax equity investor, or both. On the lender side, loans to fund solar projects are typically “back leveraged,” which means the loan is made to a holding company and is secured by LLC interests in a subsidiary entity that owns the project. This arrangement is used to permit lender remedies (including foreclosure against the equity of the project-owning LLC) without triggering recapture of the tax credits.

On the equity side, it is helpful to keep in mind the three different streams of economic value in a deal like this one. First, there is the tax credit itself, which for the ITC is recognized in the year the project is placed in service. Second, there is depreciation, which is allocated almost exclusively to tax equity over five years using accelerated depreciation. Finally, there is the money earned from selling electricity to the grid on a long-term contract.

Banks often meet the profile for tax-equity investors because they are C-Corps with significant taxable income. In this example, the developer would create a partnership entity. Tax equity investors would fund \$3.5 million and receive 99% of the allocated depreciation and tax credit benefits over five years, flipping to 5% after year five. Cash distributions from electricity sales would be used to pay back the loan and developer equity. Compared to affordable housing credit deals, many renewable energy projects have a shorter horizon. In an ITC project, the tax equity investors will typically receive the lion’s share of their economics by year 6, and often their equity is bought out shortly thereafter.

Pre-IRA, a “flip structure” like this example required the tax equity investor to own the project for 6 years, absorbing whatever risks exist due to project failure or tax audit. However, the ability to transfer ITC credits now permits more flexible structures.

For example, under a new “transfer flip” structure, the project owner could sell the underlying ITC credits, prior to project completion, to a third-party investor for cash. Under tax laws, the buyer of the purchased credits would then be liable for certain tax risks, including recapture and overstatement of the claimed credit. In effect, transferability permits a mix of structures, including ones where tax equity investors buy into the depreciation and cash-flow benefits of a project, while the economics and risks of the tax credit are allocated to other parties or sold off to third parties.

Of course, a second pathway in this example is to simply be the buyer of tax credits. Thus, banks with heavy tax bills can purchase ITC credits through a tax credit brokerage. Under the IRA, the buyer of an ITC credit must pay cash to the project owner and file certain forms with its tax return (all tracked by the IRS with a project registration number and online portal). Tax credit buyers typically minimize their new tax risks through a mix of due diligence, tax credit and project insurance, and a contractual indemnity from the seller. Since late 2023, ITC credits were often sold at a range of 85 cents to 95 cents on the dollar. Assuming a price of 92 cents, a \$500,000 investment in ITC credits would yield about \$540,000 of tax savings on the buyer’s tax return. A buyer can use the tax credits against current year taxes, including estimated taxes, or even as a carryback or carryforward.

On the Horizon

The IRA has its critics and it could be pared back following the November presidential election. But there are tail winds in favor of continuing key IRA components, including the credit adders and transferability.

Simply put, it will be politically difficult to turn off the IRA spigot of tax credits for renewable energy projects given the momentum on the ground. First, at the 2-year mark, according to the E2 advocacy group, the IRA has helped fund an estimated 334 announced energy projects throughout the country.

At this point, there is no easy way to end tax credit expectancies for the developers and investors who are funding projects in the pipeline. Second, starting in 2025 (and continuing to 2032), the tax credit rules will shift to award the credits to projects that reduce a certain amount of greenhouse gases, regardless of the underlying technology that is used. Solar and wind projects will presumably continue to fare well under this regime, but the new rules will also draw in energy entrepreneurs looking to develop emerging technologies.

For banks and their clients, energy transition will create some real opportunities. Tax credit investing, either in the form of tax equity or as a third-party buyer of credits, offers a pathway to support energy transition and earn an economic return. There are unique risk issues in this area and the market itself is still developing. But the IRA incentives, in one form or another, will likely continue.

Chris Brown is a tax lawyer and shareholder at Karr Tuttle Campbell based in Seattle. He heads up the firm’s Renewable Energy and Cleantech practice group.

Notice to Customers: BOI Reference Guide

Starting on January 1 of this year, the Corporate Transparency Act (CTA) — requires certain entities, including many small businesses, to report information about the individuals who ultimately own or control them (also known as their “beneficial owners”) to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury. A separate regulatory requirement currently requires many financial institutions to also collect beneficial ownership information from certain customers that seek to open accounts as part of Federal customer due diligence requirements.

The CTA’s requirement that entities report information to FinCEN enables FinCEN to supply that information to law enforcement and other government agencies, as well as certain financial institutions. Agencies and institutions authorized to receive this information may then use it for a several specified purposes, most significantly combatting money laundering and other illicit activities that involve shell companies. Beneficial ownership collection requirements for financial institutions, in contrast, are primarily intended to ensure that financial institutions know their customers and thus can prevent their institutions from being used to facilitate illicit activity.

This guide answers key questions about these two separate requirements: (1) reporting beneficial ownership information to FinCEN under the CTA; and (2) providing beneficial ownership information to financial institutions in connection with Federal customer due diligence requirements. Additional information about these requirements can be found in the Resources section.

Will an entity potentially have to provide beneficial ownership information to both FinCEN and a financial institution?

Yes. FinCEN and financial institutions both collect beneficial ownership information from entities. However, they collect that information for different reasons and, in some cases, may collect different types of information.

If an entity is required to report beneficial ownership information to FinCEN, that requirement cannot be fulfilled by providing beneficial ownership information to a financial institution.

For example, if an entity seeks to open an account at a bank, the bank may be required to request certain information about the entity’s beneficial owner(s) before the account can be opened. That information is collected by the bank, not by FinCEN, when fulfilling its Federal customer due diligence obligations. That same entity may separately be a “reporting company” under the CTA that is required to report beneficial ownership information to FinCEN. Additional information about the requirements for entities to report beneficial ownership information to FinCEN, including exemptions, can be found at

Resources

Information about FinCEN’s beneficial ownership information reporting requirements is available at <https://www.fincen.gov/boi>.

This webpage includes a Small Entity Compliance Guide and responses to Frequently Asked Questions (FAQs) that can assist with your reporting questions. You may also submit questions to FinCEN at <https://www.fincen.gov/contact>.

This Reference Guide is explanatory only and does not supplement or modify any obligations imposed by statute or regulation.

Importantly, the Corporate Transparency Act requires FinCEN to revise its customer due diligence requirements. Therefore, the information in this pamphlet is accurate as of July 2024 and is subject to change in the future.

Additional information on the Corporate Transparency Act can be found here: <https://www.fincen.gov/boi/Reference-materials>.

Additional information on current customer due diligence requirements can be found here: <https://www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule>.

www.fincen.gov/boi.

Are FinCEN and financial institutions collecting the exact same beneficial ownership information?

No. The two charts in this guide compare the requirements.

FinCEN and financial institutions do not collect the exact same types of beneficial ownership information. For example, financial institutions are required to collect social security numbers of beneficial owners, but social security numbers are not required to be reported to FinCEN.

FinCEN began accepting beneficial ownership reports pursuant to the CTA on January 1, 2024.

- If your company was created or registered prior to January 1, 2024, you have until January 1, 2025, to report.
- If your company is created or registered in 2024, you must report within 90 calendar days after receiving actual or public notice that your company’s creation or registration is effective, whichever is earlier.
- If your company is created or registered on or after January 1, 2025, you must report within 30 calendar days after receiving actual or public notice that its creation or registration is effective.
- Any updates or corrections to beneficial ownership information that you previously filed with FinCEN must be submitted within 30 calendar days.

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The event brought together the community to play bingo on one of the main streets downtown, with drinks and snacks from a local wine bar and plenty of prizes from local businesses.



Sound Community Bank Hosts Shred Events

Sound Community Bank recently hosted several shred events, encouraging customers and residents to stop by with sensitive documents to be disposed of.



Peoples Bank Volunteers at Community Garden

Members of the Peoples Bank team recently volunteered at a community garden.

The bank team and a group from Common Threads Farm worked on clearing out the Cordata Elementary School garden in preparation for the new school year.

The group will return in the fall to winterize the garden area.



U.S. Bank Volunteers with United Way of King County

This summer, Seattle U.S. Bank team members volunteered with the United Way of King County's free summer meals program.

The program provides free healthy meals for local kids and teens at locations like schools and parks. It also includes park activities for the children to encourage community building.



SaviBank Sponsors Sedro-Woolley Summer Concert Series

SaviBank sponsored this year's Sedro-Woolley Summer Concert Series at Riverfront Park.

The event, which happened every week during the summer, saw large crowds enjoying the outdoor venue along the river.



U.S. Bank Hosts Green Lake Clean Up

Despite wet weather, Seattle U.S. Bank team members recently participated in a clean-up event at Green Lake.

The group helped pick up trash and clean the popular park, which is typically filled with locals and tourists on a summer day.



Commencement Bank Supports Gig Harbor Rotary Golf Tournament

Commencement Bank's Gig Harbor team recently participated in the Midday Rotary Club's 20th annual golf tournament.

The group enjoyed the round of golf with a tropical theme to the event.

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KeyBank Business Networking Group Hosts Picnic and Supply Drive

The KeyBank Business Impact Networking Group recently hosted a picnic and school supply drive to help local students in need.

The event brought together local community members from the area to solicit donations.



SaviBank Celebrates Customers at Appreciation Event

SaviBank celebrated customer appreciation days this summer at its Bellingham, Oak Harbor, and Sedro-Woolley branches.

The bank provided food and treats for customers to enjoy as a way to thank you.



KeyBank Employee Resource Groups Host Event at El Centro de la Raza

Members of the KeyBank Pride, African Heritage, Asian, women's, military, and Hispanic Latinx National employee resource groups recently came together for an event at El Centro de la Raza.

The event featured local food, ice cream, and activities like balloon animals for kids.



Sound Community Bank Participates in Brier SeaScare Parade

The Mountlake Terrace branch of Sound Community Bank recently participated in the Brier SeaScare parade.

The group included the bank's Echo, the Orca Car, and the team walking in the parade as sponsors.



HomeStreet Bank Hosts 12th Annual Golf Tournament

At the beginning of August, HomeStreet Bank hosted its 12th annual golf tournament for the HomeStreet Foundation.

This year, the event benefited Northwest Access Fund, which works with individuals with disabilities to provide them with the resources to participate fully in the community.



U.S. Bank Volunteers at Imagine Children's Museum

The local U.S. Bank team recently spent the first part of a day volunteering at Imagine Children's Museum in Everett.

The museum features three floors of interactive exhibits for local children.

Kitsap Bank Volunteers with Habitat for Humanity

Kitsap Bank recently volunteered with Habitat for Human-



ity of Kitsap County.

The group participated in the Women's Build, when local women came together to help build the walls for a local home.

KeyBank Helps Finance New Affordable Housing Project

KeyBank's Community Development Lending and Investment recently provided \$45.5 million in capital to help construct a new affordable housing project in Oak Harbor.

The 82-unit project was also made possible thanks to a Shelter Resources and Opportunity Council partnership.

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Heritage Bank Supports Solid Ground

Heritage Bank recently spent a morning supporting Solid Ground's 50th Anniversary Day of Service at the end of August.

The event encourages local residents to give back at various local volunteer sites throughout Seattle.



Sound Community Bank Participates in Food Frenzy

The Sound Community Bank team recently participated in the annual Food Frenzy benefiting Food Lifeline.

The annual food drive helps raise awareness and money for the local organization, which provides food to those in

need throughout the region.

Peoples Bank Celebrates Graduation at Graduate School of Banking at Colorado

Peoples Bank's LaVonne Olsen recently celebrated completing the Graduate School of Banking at Colorado.

Olsen was one of 160 graduates from 28 states who were celebrated on July 25. The 25-month program taught them a mix of traditional and nontraditional methods related to financial management, strategy, innovation, and leadership.



SaviBank Sponsors Cascade Days Parade

SaviBank recently sponsored the Cascade Days Parade in Concrete.

The group participated in the parade, filled with colorful floats, and celebrated the community.

Heritage Bank Sponsors Sunset Supper at Pike Place Market

Heritage Bank recently sponsored the Sunset Supper at Pike Place Market in Seattle.

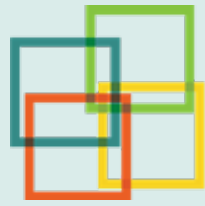
The event provides unique tote bags to those visiting the market on a Friday evening in August and the chance to participate in dancing, craft making, and more.

If you have WBA member bank news to share, please email it to Megan at megan@wabankers.com. Submissions are run on a space available basis.



Understanding Bank Performance

Virtual 8-Part Series Begins October 29
Learn more at wabankers.com/ubp



CAREERWORK\$

WBA Welcomes CareerWork\$!

OUR IMPACT

An independent review of the BankWork\$ program shows enormous growth for graduates, employers, and communities.

*These impact findings will drive outcomes and the result of our ready-to-launch the BankWork\$ program in 2024.

INCOME MORE THAN DOUBLES



INCOME MORE THAN DOUBLES

BankWork\$[®] graduates see an average wage increase of 134% in the first three years after graduation.

GRADUATES INCREASE EARNINGS

\$1M HIGHER



ESTIMATED ANNUAL LIFETIME EARNINGS FOR GRADUATES versus non-participants.

GRADUATES GET JOBS



EMPLOYMENT 39 PERCENTAGE POINTS HIGHER FOR GRADUATES

Within three years, employment rates for graduates are 26 percentage points higher, while non-completers see a 14 point decrease.

FINANCIAL INDUSTRY INCREASES DIVERSITY



82% of graduates ARE PEOPLE OF COLOR

This helps industry have staff that reflect the communities where they live and work.

FINANCIAL INDUSTRY EXPANDS REACH

52%

of BankWork\$ participants

ARE BILINGUAL OR MULTILINGUAL

This improves access to banking services for people who speak languages other than English.

Learn more about the CareerWork\$ programs online at www.careerworks.org.