



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 4/3/09

There was plenty of activity in the Capitol this week, as the House and Senate confronted yet another deadline. This week was the third reading deadline where House and Senate bills must pass over to the opposite chamber for consideration by the end of the week. Bills that do not pass prior to this deadline are moved back into the Rules Committee in the House and the Committee on Assignments in the Senate. Traditionally, however, both chambers have extended that deadline for a number of certain, specified bills. These bills remain on the calendars in their respective chambers, are granted a reprieve and given more time for passage.

While anything is possible in the Illinois General Assembly, and some bills never quite go away, after today's deadline we hope to have a better determination of what issues remain for the last two months of the scheduled spring session.

CBAI'S "ANTI-KOLLAR" INITIATIVE PASSES THE SENATE UNANIMOUSLY

CBAI initiative, **Senate Bill 1620**, sponsored by Senator Link (D-Waukegan) passed out of the Senate Chamber unanimously this week by a vote of 55-0. **SB 1620** is CBAI's legislative response to Kollar Financial Strategies and other similar businesses, who solicit business to prospective customers warning that "stressed Illinois banks and thrifts" are in danger of failing and that depositors' money would be safer if placed with their firm instead of in banks and thrifts.

SB 1620 amends the Derogatory Statements About Banks Act, a law that currently prohibits any person from "willfully and maliciously" making derogatory statements about a financial institution "with intent to affect the solvency or financial standing" of the financial institution. However, SB 1620 strengthens the Act by defining the intent to affect the solvency of a financial institution with a "reasonable person" standard and places limitations on statements made that could be detrimental to the financial institution and to its depositors to apply for commercial purposes only. This clarification and tightening of the current law grants the Illinois Department of Financial and Professional Regulation the authority to issue cease and desist orders, as well as civil monetary penalties.

SB 1620 has now been sent to the House for consideration.

CBAI INITIATIVE PASSES THE SENATE UNANIMOUSLY

CBAI was successful in passing **Senate Bill 1621**, another CBAI initiative sponsored by Senator Link (D-Waukegan), out of the Senate on Wednesday. **Senate Bill 1621** would broaden the Illinois Trust and Payable on Death Accounts Act to allow the non-probate transfer of ownership of the account funds to an organization that is not a natural person. This change would provide additional opportunities for the accountholder to direct the transfer of his or her funds to a charitable or business organization upon the accountholder's death.

Broadening the Act to allow the non-probate transfer of ownership of the account funds to a local school fund, to the accountholder's college, to any other charitable organization of the accountholder's choosing, or even to a small business or partnership that had been the source of the deceased accountholder's livelihood, would provide additional opportunities for the accountholder to direct the transfer of his or her funds and would provide such charitable or business organizations with an efficient means of receiving the transfers intended by the deceased accountholder.

SB 1621 has now been sent to the House for consideration.

GENERAL ASSEMBLY PASSES "MINI" CAPITAL PLAN

The General Assembly agreed with Governor Pat Quinn and passed a "mini" capital infrastructure program prior to adjourning for a two week Spring Break. It was ironic that this bill passed on the same day former Governor Rod Blagojevich was indicted since passing any capital plan was something that he failed to do in more than six years. This initial \$3.5 billion capital infrastructure program will enable the state to begin some repair of crumbling infrastructure and enhance mass transit across Illinois. The program will be funded using some federal stimulus dollars along with a \$3 billion bond program funded by diverting \$200 million per year from the state's Road Fund (highway bonding) and \$100 million annually from the general fund (mass transit bonding). Over \$1.5 billion in bond authorization was approved but remains unallocated.

The spending bill (HB 210) includes nearly \$1.6 billion for transportation projects including highway projects (\$448 million), emergency road repairs (\$150 million), downstate transit funding (\$100 million), and the lion's share of \$900 million going for the Regional Transportation Authority (Metra, Pace, and CTA).

While the Governor and the General Assembly were able to agree on this smaller plan, the real work will begin after the two week Spring Break when they tackle the real capital infrastructure program. Governor Quinn has called for a \$26 billion capital infrastructure program that would be funded using proceeds from an income tax increase and higher fees on drivers' licenses, vehicle titles and car registrations. Democrats in the House and Senate have offered an alternative funding mechanism that would increase gasoline taxes to fund the capital program.

DISCUSSIONS ON MORTGAGE FORECLOSURE ISSUES CONTINUE

Many mortgage foreclosure related bills have been filed this Spring Session. CBAI has maintained continued success in defeating several of these bills, however, a few bills remain and discussions are under way.

For the past several weeks, CBAI and representatives from the other financial institution trade associations and other groups have been in lengthy discussions with Representative Burns (D-Chicago) regarding his legislative proposal, **House Bill 3863**.

HB 3863 was introduced to specifically address renters impacted by foreclosure, and would require certain notifications to the tenant informing them that a foreclosure has been filed, where to pay rent and whom to contact for routine and emergency issues. Additionally, the proposal would set new standards for new owners after the foreclosure, and creates new eviction procedures.

CBAI has continued to voice concerns over certain provisions of the bill. However, recognizing the current economic and political climate in Illinois, CBAI has worked in good faith with the Sponsor and both the proponents and opponents of this legislation. The Sponsor has agreed to hold the bill while discussions continue.

House Bill 1195, sponsored by Representative Yarbrough (D- Broadview) and its counterpart **SB 2101**, sponsored by Senator Collins (D-Chicago) are additional proposals currently under discussion by CBAI, the other financial institution groups and the Illinois Association of Realtors. These proposals provide municipalities with certain powers to address foreclosures by requiring mortgage servicers to provide municipalities notice when foreclosure action is initiated, completed and when a tax sale is completed. Additionally, these bills would authorize municipalities to create land banks to acquire property, and would authorize municipalities to hold lenders responsible for maintaining vacant and abandoned properties.

Discussions are currently in the early stages, and CBAI continues to look at these bills closely, and will voice our concerns.

For more information on legislation that CBAI is tracking, please click [here](#).

If you have any questions or concerns, please contact [Kraig Lounsberry](#) or [Megan Stieren](#).