



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 2/11/2019

Illinois Senate Advances \$15 Minimum Wage

Governor JB Pritzker's first legislative priority is fulfilling his campaign promise of raising the state minimum wage to \$15 per hour. Last Thursday, the Illinois Senate voted along party lines (39-18) to approve [SB 1](#) which would eventually increase the state's minimum wage to \$15 per hour. Under the proposal, the minimum wage would be phased in uniformly across the state over a six-year period.

June 30, 2019	\$1 increase to \$9.25
Jan 1, 2020	\$0.75 increase to \$10
Jan 1, 2021	\$1 increase to \$11
Jan 1, 2022	\$1 increase to \$12
Jan 1, 2023	\$1 increase to \$13
Jan 1, 2024	\$1 increase to \$14
Jan 1, 2025	\$1 increase to \$15

The proposal also includes a tax credit. Employers with 50 or fewer employees will receive a 25 percent tax credit on the difference between pre-increase and post-increase wages in year one. The credit then drops by four percentage points every year until it reaches five percent and is then eventually phased out for most employers. Economic and geographical differences are not currently addressed in this legislation.

CBAI is working with a coalition of business groups representing employers around the state to educate lawmakers on the impact of the proposal and offer alternatives to address the concerns of job providers. [Click here](#) to view the letter that was hand delivered to Governor Pritzker and all members of the General Assembly. It outlines the larger concerns of the employer community. The CBAI governmental relations team has made this a top priority for early session, meeting individually with legislators to outline the impacts the legislation would have on the community banking profession and the customers we serve.

The employer coalition has asked lawmakers to consider several proposals including a tiered minimum wage for different regions of the state, realizing that \$15 has a different impact in Chicago, Suburban and Downstate Illinois. We have asked for a longer implementation ramp to ease the burden on employers. We would also like to see pre-emption language that would prohibit individual communities from enacting a local minimum wage higher than the state. So

far, Senate Democrats and the Governor has essentially ignored the concerns of employers and opted to move forward without making sincere efforts to compromise on the proposal.

We are hopeful that House Democrats may be more receptive to our message and more willing to find compromise that respects the best interests of employees and employers in every region of the state.

Notes from Springfield

State Representative Mary Flowers is planning to resign from the General Assembly. Governor Pritzker is expected to appoint her to a seat on the Illinois Human Rights Commission. Flowers has served in the House since 1985 and is the chamber's second longest serving member after Speaker Michael Madigan.

Traditionally the Illinois Governor has given a State of the State speech in early February and then made a separate budget address to the General Assembly two weeks later. Governor JB Pritzker has opted to combine both addresses into one speech which he will deliver to a joint session of the General Assembly on February 20. He is expected to use the speech to pivot from the minimum wage to his next legislative priority, implementing a progressive income tax.

Ahead of the budget address, the Governor's office is predicting a \$3.2 billion shortfall in the FY20 budget based on current spending and tax revenue projections. The Illinois FY19 budget is \$38.5 billion. The FY18 budget was \$36.7 billion.

The Governor's Office of Budget and Management estimates that a \$15 an hour minimum wage will cost the State \$1.1 billion in direct employee costs. That is on top of billions more in indirect costs for state subsidized employers including universities, nursing homes and service providers.

Legislation CBAI is Tracking

Over 2,500 bills have been introduced and filed this session, with more being filed every day. The CBAI governmental relations team reads them all, identifies and tracks bills that impact community banks. The deadline for both the House and the Senate to introduce new legislation is Friday, February 15. Below is a list of a few of the bills the we are tracking.

[HB 39 \(Thapedi\)](#) amends the Code of Civil Procedure to provides that if a pleader does not file and serve a bill of particulars within 28 days of the demand, or if the bill of particulars delivered is insufficient, the court may, among other things, award attorney's fees and costs.

[HB 281 \(Guzzardi\)](#) amends the Code of Civil Procedure to address debt collection. The bill would require a separate notice of debtor rights in the summons issued in an action to collect debt and would allow a judgment to be be revived by filing a petition to revive the judgment in the fifth year after its entry (instead of the seventh year after its entry, or in the seventh year after its last revival, or in the twentieth year after its entry, or at any other time within 20 years after its entry if the judgment becomes dormant). Furthermore, the bill states that a petition to

revive the judgment may be granted only if citation proceedings were initiated within one year of the judgment being entered. The bill would change the limitations period for the enforcement of certain judgments from 7 to 5 years. It makes changes in provisions governing wages subject to garnishment; the homestead exemption from judgments; and personal property exempt from judgments. Finally, the bill provides that consumer debt judgments of \$25,000 or less shall draw interest at a rate of 2% per annum. CBAI opposes.

[SB 222 \(Castro\)](#) amends the Consumer Fraud and Deceptive Business Practices Act and prohibits dormancy fees or other post-issuance fees on rebate cards given to consumers. This bill passed the General Assembly last year but was vetoed by former Governor Rauner. CBAI continues to oppose this bill. CBAI strongly opposes the concept of fee restraints on card products. The infrastructure necessary to support card processing functions and maintenance of card accounts that hold balances is a complex and costly requirement. Fee prohibitions would significantly impact the ability of card issuers to offer the service necessary to maintain this book of business. Cards have long been a convenient and reliable method for consumers to transact business, and it is important to retain the ability to maintain a secure payment system. Additionally, federal law (Regulation E) provides consumers protections from excessive post issuance fees.

[SB 1322 \(Castro\)](#) amends the State Comptroller Act to create the Illinois Bank On Initiative to increase the use of Certified Financial Products and reduce reliance on alternative financial products. The Illinois Bank On Initiative will be administered by the Comptroller, who will be responsible for the specified ongoing activities of the Initiative. The Comptroller's Office reached out to CBAI for their input on this legislation, and CBAI is pleased to support the bill. You can read the Comptroller's press release [here](#).

On the Federal Side

Faster Payments; CBAI and CBAI Payments Task Force Chairman, Mark Field (Chairman and President of Liberty Bank in Liberty, IL) were highlighted in a January 29th Forbes article for strongly supporting the Federal Reserve's proposal to operate a real time payments system. Chairman Field challenged the notion that the largest banks in the country should own and control the payments system. CBAI agreed and further stated the Fed is uniquely situated to provide open and fair access to the payments system for all community banks regardless of size, charter type or location; and cautioned that a payments system that disadvantages community banks will have a devastating impact on the nation's consumers, small business and agriculture. [Read Forbes Article.](#)

Consumer Lending; In a comment letter to the FDIC, CBAI highlighted the many challenges in small-dollar consumer lending for community banks, stressed the important role "character" plays in community bank lending decisions, and stated that flexibility will be needed both on the part of the FDIC and community banks to encourage an expansion of small-dollar consumer lending. [Read CBAI's Comment Letter.](#)

Call Report Relief; In a comment letter to the OCC, Federal Reserve and FDIC, CBAI urged the regulators to finally provide meaningful Call Report regulatory relief to community banks. The letter highlighted CBAI's efforts to win relief in 2014, 2016 and 2017, which unfortunately received an insufficient response. CBAI again urged the Agencies to only require the Balance Sheet, Income Statement and Changes in Bank Equity Capital in a new short-form Call Report for covered depository institutions [less than \$5 billion in total consolidated assets] for the first and third quarters of a year. [Read CBAI's Comment Letter.](#)

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For more information, or if you have any questions or comments, please contact [Jerry Peck](#) or [Megan Peck](#) at 800/736-2224.