



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 3/12/2010

Quinn Presents Budget

On Wednesday, Governor Pat Quinn addressed a joint session of the Illinois General Assembly to present his FY2011 State Budget. The General Assembly passed a law giving Governor Quinn an extra three weeks to prepare this budget, however Quinn spent only 20 minutes in front of lawmakers presenting the plan. The Governor outlined a five point plan of creating jobs, cutting costs, strategic borrowing, continued federal assistance and increased state revenues to try and get a handle on the more than \$13 billion state spending deficit, however most of the post speech attention was given to his plan to increase the income tax by 1% to fund education. Opponents of the Quinn budget accused him of cutting education by a greater amount to entice legislators to vote for the tax increase. Whether or not that was the administration's plan, comments by the legislative leaders after Quinn's speech made it pretty clear that a tax increase this spring is unlikely.

CBAI Advances Payable on Death Accounts Act Legislation to the Senate

HB 5469 (Farnham/Link-Noland) passed unanimously out of the House today and was sent to the Senate. The bill is a CBAI initiative to 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.

This bill was introduced last year in both the House and the Senate. Bank of America had concerns with the legislation; however CBAI negotiated an agreed amendment that was adopted on the House bill. The bill passed the Senate unanimously only to get held up in the House on concurrence.

MOVE YOUR MONEY/COMMUNITY BANKING RESOLUTIONS

During the 26th Annual Capital Conference, CBAI introduced identical resolutions in both the House ([HR 952](#)) and Senate ([SR 665](#)) to “urge the residents and local governments of Illinois to move their money from large multi-state banks to Illinois-based community banks in order to support responsible lending practices and the State's economy.” These resolutions address the too-big-to-fail financial firms and the overconcentration in the financial-services industry that continue to put the nation’s financial system at risk. It makes great economic sense to put money in local community banks that will invest it locally right here in Illinois at a time when it’s desperately needed.

Despite opposition from the IBA and large banks to these non-binding resolutions, this “move your money message” has been well received from legislators on both sides of the aisle and many have signed on to co-sponsor.

HR 952 chief sponsors are Jim Sacia (R- Freeport) and Bob Flider (D-Decatur); and the co-sponsors are Charles Jefferson (D-Rockford), Raymond Poe (R-Springfield), Eddie Washington (D-Waukegan), Keith Farnham (D-Elgin), Mary Flowers (D-Chicago), Mike Smith (D-Pekin), Careen Gordon (D-Morris), Rich Brauer (R-Petersburg), Roger Eddy (R-Hutsonville), David Reis (R-Olney), and Lisa Dugan (D-Kankakee). HR 952 has been sent to the House Financial Institutions Committee for consideration.

SR 665 is sponsored by Dan Katowski (D-Park Ridge) and Deanna Demuzio (D-Carlinville).

If your legislator is listed as a sponsor, please call their office to thank them for supporting community banking in Illinois.

If your legislator is not listed, CBAI asks that you contact your State Senator and State Representative to support and co-sponsor Senate Resolution 665 and House Resolution 952, respectively. To access suggested talking points and the telephone numbers of your legislators, please click [HERE](#).

CBAI Opposes Department of Financial and Professional Regulation Omnibus Bill

Both **HB 5210 (Lyons)** and **SB 2996 (Lightford)** were filed in their respective chambers on behalf of the Illinois Department of Financial and Professional Regulation, Division of Banking. CBAI had several concerns with both bills and due to CBAI’s sole opposition, SB 2996 was held in the Senate Financial Institutions Committee. The House version was “shelled” and moved out of the House Executive committee.

CBAI's concerns with this proposal include an increase in IDFPR's civil monetary penalty (fining authority) from \$10,000 to \$1,000,000 and allowing civil penalties for memorandums of understanding; a mandated annual, independent audit of all state-chartered banks; IDFPR's definition of "liabilities outstanding" for purposes of calculating lending limits and determining lending limits violations; allowing IDFPR to order a bank to not accept deposits in excess of the FDIC insured limit; and allowing the Secretary to waive the reciprocity requirement in transactions dealing with FDIC assisted bank closings (permitting an out-of-state bank to branch into Illinois from a non-reciprocal state).

While the Department agreed to remove the independent audit requirement from the bill, CBAI was the only organization to continue to oppose the bill due to the other concerns contained in the legislation.

This week the Department agreed to remove all of the provisions opposed by CBAI with the agreement to allow the Department to increase the civil monetary penalty to \$100,000. CBAI thanks the Department for their willingness to negotiate on this important regulatory proposal.

Credit History Legislation Amended to Exempt Financial Institutions

HB 4658 (Franks) prohibits employers from inquiring about or using an employee's or prospective employee's credit history as a basis for employment, recruitment, discharge, or compensation. Due to strong opposition from CBAI and other financial institutions groups, the sponsor amended the bill to exempt any bank holding company, financial holding company, bank, savings bank, savings and loan association, credit union, or trust company, or any subsidiary or affiliate thereof. HB 4658 passed out of committee with the amendment.

Bad Bills

HB 5476 (Flowers) creates a state Community Bank of Illinois, operated by the Department of Financial and Professional Regulation, exempt from all taxation with deposits guaranteed by the State. CBAI and several other groups opposed this bill in the House Consumer Protection committee. The bill passed out on an 8-5 partisan vote due to an agreement by the sponsor to hold the bill on 2nd reading to further discussions. CBAI will persistently oppose this measure and will provide continued updates.

HB 5869 (Dugan) amends the Elder Abuse and Neglect Act to add officers, trustees, and employees of banks, savings and loans, and credit unions to the list of "mandated reporters" of elderly abuse. CBAI opposed this legislation. The sponsor agreed to "shell" the bill to move out of committee with the agreement to hold the bill while discussions continue.

HB 6215 (Thapedi) This bill was amended in committee to require a plaintiff to pay a fee at the time of filing a foreclosure complaint, for deposit into the Foreclosure Relief Fund. The fee would be calculated at the rate of \$2.50 for each \$500 (\$5.00 per thousand) of value stated and sought by the plaintiff in the foreclosure complaint. The Foreclosure Relief Fund would be used for the purpose of providing grants to units of local government and not-for-profit organizations, to clean up residential real estate that has been abandoned, neglected, or otherwise in need of additional care following foreclosure. The amendment to HB 6215 passed out of a recessed committee despite opposition by all financial institution groups. Last Spring, CBAI worked in conjunction with the rest of the financial institution associations to address the vacant and abandoned property issue, and will continue to work in opposition to this bill.

HB 6251 (DeLuca) would allow municipalities that perfect a lien against property for removal of weeds, pests, infected trees, or garbage to deem that lien a special assessment. CBAI met with the sponsor to convey the concerns with the bill, and he agreed to not call the bill in committee.

Bills Under Discussion

HB 5735 (Graham) provides that a judgment of foreclosure shall include a finding by the court that the mortgagee has complied with applicable loss mitigation requirements, and provides that if the court finds that the mortgagee has not complied, the court shall stay the matter. CBAI, in coalition with the other financial institutions groups, opposed this measure and have had several meetings with the sponsor of the bill and its proponents. Discussions on the bill will continue.

HB 5868 (Saviano) would require the licensure of appraisal management companies. The sponsor has held meetings with all the interested parties, and has agreed to hold the bill while discussions continue.

HB 3886 (McAsey) is a comprehensive re-write of the Power of Attorney Act. Discussions on this bill began last spring and have been ongoing since then. A draft proposal was filed this week, and CBAI will continue to work to make sure this re-write does not adversely affect Illinois community banks.

State Banking Board Legislation Passes House Committee

As you may recall, legislation intended to reconstitute the State Banking Board passed out of the Senate last fall and was sent to the House. The bill did not move in the House, and new bills were introduced this spring. **SB 2581 (Collins/Fritchey)** passed out of the Senate this week and is currently in the House. An identical bill, **HB 4933 (Fritchey)** recently passed out of the House Financial Institutions Committee, and is currently on Second Reading in the House.

Former Governor Blagojevich virtually ignored the State Banking Board and did not replace members when their terms expired. Consequently, the board had not met in the past 6 years and had become dormant. Last spring, CBAI opposed an amendment proposed by the Division of Banking that would have reduced the size of the board to 4 bankers and removed the asset size categories for members of the Board. CBAI then entered into negotiations with the Division of Banking and the IBA in an attempt by all parties to create a functioning board, and SB 2581 and HB 4933 represent the agreed product of those negotiations.

If you have any questions regarding these results, please contact Kraig Lounsberry, kraigl@cbai.com, or Megan Stieren megans@cbai.com, or call Kraig or Megan at 1 (800) 736-2224.