



Community Bankers Association of Illinois NEWS FROM THE FRONT

NEWS FROM THE FRONT- 3/25/2019

Legislators have been busy with committee work the past couple of weeks. The Senate deadline for bills to get out of committee was last Friday, although we do expect deadlines to be extended on some bills. The House deadline for bills to be called and passed out of committee is this Friday, March 29.

CBAI Mortgage Act Update Passes Out of Senate Unanimously

[SB 1657 \(Murphy/Walker\)](#) is a CBAI initiative to amend the Mortgage Act allowing a consumer to appoint an authorized requester of a mortgage release on their behalf. The bill also adopts a uniform measure of 30 days in lieu of the current term “month.” SB 1657 passed out of the Senate unanimously and is now in the House. An identical measure, [HB 2699 \(Walker\)](#) is still currently in the House. CBAI thanks both of the sponsors, Senator Laura Murphy and Representative Mark Walker for their leadership on this important issue.

Cannabis Banking Safe Harbor Bill Advances in Senate

CBAI has taken no position on whether cannabis should be legal - medically or recreationally in Illinois. We leave that decision up to policy makers. We do however take a strong position that if cannabis is a legal product then banks should be allowed to offer mainstream financial services just like we offer to any other legal industry. We are advocating for safe harbor provisions in both state and federal law that would allow community banks to service the legal cannabis industry without fear of prosecution if they so choose.

CBAI joined Illinois Treasurer Mike Frerichs to testify before the Senate Financial Institutions Committee in support of [SB 2023 \(Hutchinson\)](#), a bill that would provide safe harbor provisions for state-chartered banks servicing the legal cannabis industry in Illinois. This bill passed out of committee unanimously and is awaiting consideration on the Senate floor.

CBAI is also collaborating with the Treasurer’s Office on several other legal cannabis banking issues including coordinating our federal lobbying efforts in support of the SAFE Banking Act of 2019. Treasurer Frerichs and top staffers have traveled to Washington D.C. to meet with members of the Illinois congressional delegation and promote the legislations. The SAFE Act is also supported by CBAI and ICBA.

We are also pleased to partner with the Treasurer’s Office to promote an upcoming cannabis banking summit. This free event is intended to bring together experts and interested parties to discuss issues surrounding the legal cannabis industry and access to financial services. If your bank is interested in the topic or think you may become interested after safe harbor provisions are enacted, then you are encouraged to attend. CBAI will be participating on a regulatory panel and will be on hand to help introduce community bankers to other industry officials.

Normalizing Banking for Cannabis Related Business

Monday April 15, 2019

9am-12pm

Chicago

Free -space is limited, [click here](#) to register

CBAI appreciates the collaborative relationship and hard work Treasurer Mike Frerichs has put into finding meaningful solutions to the cannabis banking issue.

Revised Uniform Unclaimed Property Act

One of our top legislative priorities over the past three years has been walking back the negative impacts brought on by the Revised Uniform Unclaimed Property Act (RUUPA) that was slipped into a budget bill at the last minute and passed without proper negotiations in 2017. Last year we worked with a coalition including the Illinois Credit Union League and Illinois Bankers Association to find consensus with legislative leaders in the Senate and the Treasurer's Office on a list of agreed reforms to RUUPA. That legislation unanimously passed the Senate but eventually stalled in the House.

This year we have introduced identical legislation, [HB 2677 \(Zalewski\)](#), in the House so we can work out any remaining concerns in that chamber. We've met with the Treasurer's Office, key lawmakers and staff to reaffirm our agreement on the legislation and will attempt to move forward with the legislation this session.

Mortgage Foreclosure Fee Bill Amended to Reduce Filing Fees

[HB 3360 \(Turner\)](#) and [SB 1500 \(Jones\)](#) as introduced would extend the sunset date for court filing fees for residential real estate foreclosure cases. These fees were implemented several years ago, at the height of the foreclosure crisis, to help fund foreclosure prevention and counseling assistance as well as for abandoned residential property municipality relief. There is a three-tier fee schedule based on the number of residential foreclosures a lender filed during the preceding calendar year. When these fees were created in law, a sunset date was established, however, the General Assembly has chosen to extend that sunset several times keeping the fees in place.

This year the financial industry coalition including CBAI, the IBA and ICUL worked with the sponsors on a compromise to reduce the fee amount which will go down each year until the law will eventually sunset in 2025. CBAI would like to thank Representative Turner and Senator Jones on their willingness to reconsider the fee schedule, making this a win-win for community banks and the customers they serve.

Data Breach Legislation Passes out of Senate Committee

[SB 1624 \(Glowiak\)](#) amends the Personal Information Protection Act (PIPA) to require that a data collector required to report breaches to more than 100 Illinois residents as a result of a single breach must also report to the Attorney General. The bill passed out of the Senate Telecommunications and Info Technology Committee with a commitment from the Sponsor to bring an amendment to the bill back to committee. CBAI will continue to work with business groups to oppose any new changes to data privacy laws that would be redundant and harmful to community banks.

Bill Banning Banks from Using Recycled Paper Advances

CBAI testified in opposition to legislation that would effectively ban banks from using recycled paper in any financial documents. The legislation, [HB 2076 \(Villa\)](#), is an initiative of the Sierra Club who surprisingly didn't fully understand the impact of their own proposal. They unsuccessfully introduced the bill 10 years ago in an attempt to ban the use of BPA in receipt paper. This year they decided to take another swing at the issue but failed to update the proposal to account for the fact that almost no one is still using BPA paper. In fact, the product is no longer manufactured in the United States. New types of more environmentally friendly receipt paper have been voluntarily developed and adopted by industry.

The other issue they failed to take into account is that almost all recycled paper contains BPA as a legacy from a time when the product was freely mixed with post-consumer recycling and continues to be prevalent in recycling today. The total ban on BPA would effectively ban the use of all recycled paper.

While CBAI and some legislators pointed out the serious flaws in the proposal during the committee debate, Democrats on the committee voted on partisan lines to advance the legislation. They did however encourage the sponsor to work with CBAI and other opponents on a possible amendment to correct the seriously flawed legislation.

Notes from Springfield

Rep. Mike Zalewski has introduced four options for legalizing **sports betting** in Illinois. You can read a breakdown of the proposals [here](#). CBAI is not taking a position on sports betting legalization but we are working with the sponsor and staff to ensure that community bankers concerns over the federal Wire Act's ban on interstate wagering including financial services are considered.

Discussion over a possible **capital bill** continue. Union groups propose doubling the motor fuel tax, from 19 to 38 cents, to be used for road in infrastructure projects. Environmental groups would like \$1 billion to replace water infrastructure including lead pipes. Governor JB Pritzker is expected to introduce his own capital bill but has warned lawmakers that he will not approve any additional capital bill spending until the General Assembly approves a constitutional amendment implementing a **graduated income tax**.

On the Federal Side

Meeting with the CFPB; CBAI met with the Consumer Financial Protection Bureau's Midwest Regional Director, John Schroeder, to discuss important issues for community banks. During the meeting with the Regional Director, we specifically addressed CBAI's position on two issues which are critically important to community bankers and consumers – the Federal Reserve's role in payments system improvements and the modernization of the Community Reinvestment Act (CRA). Concerning both of these issues, CBAI has strongly advocated for regulatory actions that will enhance community banks' abilities to serve their customers and communities. [Click here](#) to read the article.

CBAI Action Alert; CBAI is calling on all Illinois community bankers to urge the banking regulators to 1) exempt more community banks from the Basel III capital rules, and 2) eliminate the unintended consequences of establishing a new Prompt Corrective Action (PCA) framework for community banks which opt-in for simplified capital treatment under the Community Bank Leverage Ratio (CBLR). By responding to this Action Alert, you will support CBAI's formal comment letter to the banking regulators urging these needed improvements.

[Please take Action NOW!](#)

Cannabis Safe Harbor Vote Scheduled; The House Financial Services Committee has scheduled a vote on [H.R. 1595](#) the SAFE Banking act of 2019. The legislation, supported by CBAI, would provide safe harbor provisions in federal law for banks wishing to provide financial services to the legal cannabis industry. CBAI would like to thank Representatives Davis, Foster, Garcia, Krishnamoorthi, Quigley, Rush and Shakowsky for co-sponsoring the legislation.

REGISTER NOW!

[Capital Conference](#)

with Luncheon Keynote Speaker, House Republican Leader Jim Durkin

Wednesday, April 10, 2019

Wyndham City Centre, Springfield Illinois

Capital Conference Sponsored By:



REGISTER NOW!

[Call on Washington](#)

April 28 – May 1, 2019

Grand Hyatt Washington

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