



NEWS FROM THE FRONT- 4/15/2019

The Illinois General Assembly is taking two weeks off around the Easter holiday before returning to session on April 30. They will be in session every week of May with an anticipated adjournment on May 31. There is still much work to be done in the final five weeks of session. We'll keep you posted when News From the Front returns after the break.

CBAI Meets with New IDFPR Director to Discuss Agency Priorities

CBAI met with new IDFPR Director Deborah Hagan and top agency staff including Director of Banking Kerri Doll to discuss agency direction and priorities in the coming years. It was also an opportunity for CBAI to share issues and topics of interest to community bankers that we would like to see the agency address. At the top of the list was hiring, training and retaining qualified bank auditors. Director Hagan said she is aware of our longstanding concerns and that she believes they are well founded. She is looking to double their recruitment, hiring and training efforts in anticipation of future attrition. They are also looking at a new training program that would lead to more focused exams concentrating on the specific services offered by banks.

There was a robust discussion about fintechs and the role IDFPR should have in regulating them. We also talked about the role that fintechs play in driving innovation by partnering with community banks to provide new services. Director Hagan said her main focus will be on non-depository mortgage lenders and fintechs offering commercial lending. Prior to taking over the top spot at IDFPR, Hagan oversaw the consumer protection bureau in the Illinois Attorney General's Office.

The final major topic of discussion was cannabis and industrial hemp regulations. Director Hagan said she has been engaged in the negotiations of the recreational marijuana bill and is well aware of our concerns about having safe harbor and data sharing provisions in the bill. IDFPR will also be responsible for licensing and regulating the marijuana business. It creates an interesting dynamic with the division of banking and the marijuana licensing body housed in the same agency. We have had prior conversations with Director Doll about industrial hemp guidance for banks. She said that issuing guidance on the issue is a priority for her division.

Electronic Lien and Title Clears House

A top legislative priority for CBAI this year is passing legislation requiring the Illinois

Secretary of State to implement a system of electronic lien and title. We worked on an initiative in 2000 that gave the SOS legislative authority to implement the system voluntarily, but they've never made it a priority. This year we worked with a coalition including auto dealers, IBA and ICUL to convince the SOS to finally enact the program. [HB 2856](#) requires the SOS to implement ELT no later than July 1, 2021. Specific details of the program, which will likely be outsourced to a private vendor, will be worked out in administrative rules over the next year. CBAI appreciates the leadership of Secretary of State Jesse White and his staff for working with us on this initiative. The legislation was approved 112-0 in the House and now moves to the Senate for consideration.

House Votes to Ban the Use of Recycled Paper

Believe it or not, the House of Representatives voted 76-37-1 to ban the use of recycled paper for banking and other business records. The legislation [HB 2076](#) is an initiative of the Sierra Club. It is intended to ban the use of BPA in coatings used in thermal receipt paper but was drafted so ineptly that it goes much farther to include all paper used in banking records. All recycled paper contains trace amounts of BPA, so the practical effect of the bill is that it bans all recycled paper. Let that sink in, the House voted overwhelmingly to approve an environmental groups legislation to ban recycled paper over the objections of CBAI and the greater business community. CBAI testified against the bill in committee and offered alternative language to correct the poorly drafted original bill but our concerns were ultimately ignored. The sponsor did call to tell us that she hopes the bill will be amended in the Senate but still chose to advance the flawed version through the House anyway.

The 45th Annual Capital Conference Recap

Over 100 community bankers made the trip to Springfield to join in our annual show-of-force at the Capitol advocating for the community banking profession. The day started with a meeting of the Legislation and Regulation Committee where bankers set the legislative priorities for CBAI's state and federal lobbying efforts.



House Minority Leader Jim Durkin gave the keynote address at lunch sharing a bleak but honest outlook on the state's fiscal condition. Bankers loaded onto busses to visit with their local legislators at the Capitol with a focus on educating many of the 50 new members of the General Assembly about the community banking profession and our legislative concerns.

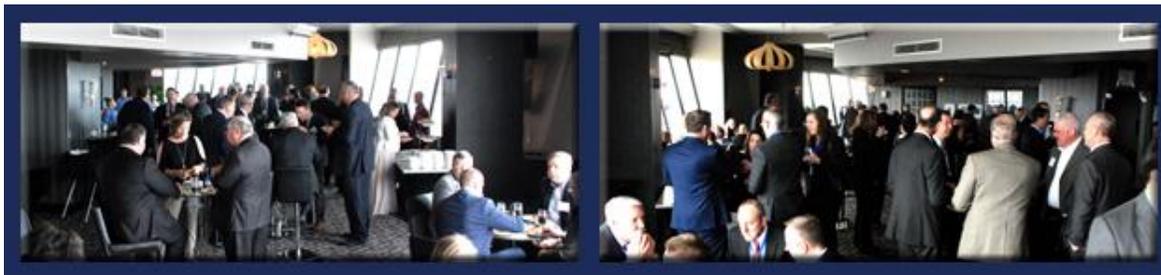


We also had group meetings with Senate President John Cullerton, Senate Minority

Leader Bill Brady, House Majority Assistant Leader Natalie Manley, Treasurer Mike Frerichs and Secretary of State Jessie White. Our afternoon session back at the conference room included Lt. Governor Juliana Stratton, IDFPR Director Deborah Hagan, Division of Banking Director Kerri Doll and an economist from the Comptroller's Office.



Following the day's activities, we held a legislative reception at the Pinnacle Club, at the top of the tallest building in Springfield overlooking downtown and the Capitol dome. This year we decided to forgo the traditional Board dinner and extended the reception and increased the refreshment options. It meant that the entire group of community bankers had more time to mingle and network. We've heard positive feedback about the change and will consider continuing the practice in coming years.



Capital Conference attendees who register early only pay \$100 for as many members of their bank as they would like to bring. It is a tremendous value that includes lunch, transportation to the Capitol and an open bar and refreshments at the reception. It's a great deal made possible by our generous sponsors. Thank you to all our partners who chipped in to support the event.

Capital Conference Sponsored By:



Notes From Springfield

Graduated Income Tax; The Senate Executive Committee approved [SJCA 1](#) on a partisan roll call, asking for a constitutional amendment to permit a graduated income tax structure versus the current flat income tax system. The language on the proposed amendment would read, “The General Assembly shall provide by law for the rate or rates of any tax on or measured by income imposed by the state. In any such tax imposed upon corporations the highest rate shall not exceed the highest rate imposed on individuals by more than a ratio of 8 to 5.” The 8 to 5 ratio would allow corporate income tax rates to reach as high as 12.72 percent, plus the 1.5 to 2.5 percent personal property replacement tax, totaling 15.22 percent, the highest in any state. Governor Pritzker’s current proposal raises the corporate tax from 7 percent to 7.95.

Motor Fuel Tax for Capital; The House Revenue Committee approved [HB 102](#) to allow local governments to impose a 3 cents per gallon tax on top of the state’s current 19 cents/gallon tax. The Illinois Chamber supports raising the state’s gas tax to 44 cents/gallon while phasing out the additional 5 percent sales tax on gas sales. The tax increase would generate \$2 billion a year for transportation projects.

Marijuana; [SB 7](#) by Senator Heather Steans (D) passed from committee but remains a shell bill for eventually passing recreational cannabis with no substantive language at this point. Governor Pritzker confirmed this week that he supports including home-grown cannabis but did not provide an amount. The current proposal allows for two flowering plants and three additional plants to allow flowers to produce.

Sports Betting; Representative Zalewski (D) continues to lead talks on legalizing sports betting, but no votes have yet been taken. There is now discussion that the bill could include an omnibus gaming expansion bill dealing with casinos and horse racing as well, rather than only legalizing sports betting.

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

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37th Annual Call on Washington. CBAI

