



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 5/14/18

The Illinois General Assembly returns to session tomorrow, Tuesday, May 15. Three weeks remain in the Spring Legislative Session.

Work continues on the development of the Fiscal Year 19 budget as negotiators from all caucuses work on parameters. However, Governor Rauner has expressed his disappointment with the democratic leadership for not formally adopting or agreeing to an estimated amount of revenue available to spend in the next fiscal year. The Governor accused the democrats of “slow walking” the budget process. Senate President Cullerton responded that he would like the legislature and the Governor to not be locked into a specific dollar amount and rather have the budgetary flexibility to exceed the projected amount of available revenue using funds sweeps and other budgetary maneuvers if necessary.

Republicans continue to push for a revenue estimate on which to base the budget. Democrats have refused to pass legislation defining that estimate. In addition to developing a full-year budget, legislators will also need to address a supplemental appropriation bill to authorize another \$1.1 billion in spending for the current budget year. The Commission on Government Forecasting and Accountability (COGFA), which is a bipartisan and bicameral body that provides the legislature with information regarding state and national economies, revenue projections and operations of Illinois Government has already estimated that the state will have about \$37.8 billion to spend in FY19, including moneys from the higher income tax rate. The state still has about \$6.9 billion in unpaid bills.

A large part of the state budget is funding for the five retirement plans for state employees. The shortfall in funding totals \$137 billion, totaling \$11,000 for each person living in Illinois. The pension deficit continues to add hundreds of millions of dollars in costs to Illinois’ budget each year, even though the state will pay \$8.5 billion into the retirement systems this year. Governor Rauner supports allowing state employees to choose lower, delayed cost-of-living adjustments in return for ensuring their future raises count towards their pensions, but opponents say it still violates the constitutional promise of not lowering benefits for state employees. Courts previously ruled attempts to cut cost-of-living adjustments and enact a higher retirement age for workers as unconstitutional.

Regulatory Sandbox Bill Stalls in the Senate

An initiative of the Illinois Department of Financial and Professional Regulations (IDFPR) to create a regulatory sandbox stalled when the measure was defeated on a 4-6-0 vote in the Senate Licensed Activities and Pensions Committee. The bill ([HB 5139](#)) previously passed the House on a vote of 93-4-0. IDFPR would like to be able to use the regulatory sandbox to allow limited access to the Illinois marketplace to test new and emerging financial products that don’t necessarily adhere to existing regulatory frameworks. Under the terms of the sandbox, a participating company would have to apply to the department for approval, pay a \$500 registration fee, limit participation to 5,000 Illinois residents or less and be limited to 18 months to test the innovation. CBAI has had numerous conversations with IDFPR Secretary Bryan Schneider about the potential risks and benefits the legislation could bring for community banks. While we continue to be engaged in the discussions, CBAI has taken a neutral position on the bill.

IDFPR is also behind [HB 5212](#) which would create the Regulatory Sunrise Review Act. This legislation would establish a system to investigate and review the necessity of new state regulations over previously unregulated professions or occupations. The bill is under consideration in the Senate.

Statutory Fee Restriction Legislation Held in the Senate

After meeting privately with CBAI and the Illinois Retail Merchants Association (IRMA), Sen. Emil Jones III has committed to holding [SB 2657](#). The legislation would have made it an unlawful practice for credit or debit card service providers to impose transaction fees on cardholders. The legislation had been the subject of several contentious negotiation sessions involving a large group of stakeholders. Unable to find consensus on the issue, Sen. Jones requested a private discussion involving only CBAI and IRMA. We were successful in demonstrating to Sen. Jones that his concern with retailers charging card surcharges was already covered under current law. The Senator agreed that the proper path forward was to take enforcement actions against retailers who violate the law making his legislative proposal unnecessary. CBAI appreciates Sen. Jones' commitment to keeping the lines of communications open so that we could facilitate an amicable solution to his concerns.

Scheduling Mandate Hearing

The House and Senate Labor Committees held a joint hearing to take subject matter testimony on a proposal to impose a new scheduling mandate on Illinois employers. The discussion centered on an amendment to [SB 202](#) which would Create the Fair Scheduling Act. Under the proposal an employer would have to give an employee at least a 72 hour-notice of a change of schedule or face penalties including paying the employees 150% of their pay for hours cancelled within the time frame. A similar measure failed earlier this year in the House Labor Committee. The joint hearing was subject matter only and no vote was taken. CBAI opposes this employer mandate.

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