



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 6/5/18

The General Assembly adjourned the Spring legislative session on May 31 after passing a full-year budget for the first time during Governor Rauner's administration. The Governor signed the budget into law yesterday. Also, for the first time in several years, the legislature is not likely to return to Springfield until the fall Veto Session after the November election. CBAI was successful in sending three legislative proposals to the Governor's desk.

This spring session stood out for other reasons, as well, namely the sexual harassment claims surrounding House Speaker Michael Madigan's political staff and the unusual session calendar with several weeks spent in-district during the primary election in March. By the end of May, though, the House and Senate sent over 560 bills to Governor Rauner to consider over the summer, while several other issues were placed on hold for continued discussions and future work during Veto Session.

Campaigns for the November election will now officially begin, deciding whether voters will be carried by a "blue wave" of anti-Trump, progressive sentiment, giving Democrats even more seats in the General Assembly and JB Pritzker as governor, or if Governor Rauner can hold on to his seat, despite a very low approval rating, for a second term. With retirements and resignations from many legislators, there are at least 24 open seats in the House and 6 in the Senate. The governor's race is anticipated to break records in political spending with two billionaires using much of their own finances, and targeted legislative races could also break records.

The General Assembly will return to the Capitol for Veto Session beginning November 13.

Details of the FY18/19 Budget

The need to pass a full fiscal year's budget prior to heading home to face voters in the November elections dominated the 2018 Spring Legislative Session. The past three years have been marked by political bickering between the first-term Republican Governor and the Democratically controlled General Assembly. Last summer, Illinois emerged from a record budget stalemate with the General Assembly passing a budget and an income tax increase over the Governor's veto. Prior to that, the state operated without a budget for the two fiscal years.

[HB 109](#) outlines the FY19 state budget totaling \$38.5 billion in general funds. Funding includes \$5.9 billion for human services; \$1.8 billion for higher education, including level funding at \$401,341,900 for need-based MAP grants and \$25 million for merit-based AIM HIGH scholarships for students attending public universities; \$1.7 billion for public safety; \$1.2 billion for government services; and \$8.4 billion for elementary and secondary education. Another \$20.4 billion is spent on pension payments, state employee health insurance, Medicaid benefits, and debt payment. The budget cuts \$124 million for state agencies, including \$47 million from the Departments of Corrections and Human Services. Lawmakers have not passed a capital bill for infrastructure improvements despite talk of raising gas taxes or imposing a new mileage-based tax to raise new revenues for roads and bridges projects. [HB 3342](#) contains the Budget Implementation language for FY19.

Effort to Revise Unclaimed Property Act Stalled in the House

Last year the General Assembly quietly slipped language re-writing the State's unclaimed property law into the budget bill hours before the bill was voted on and quickly passed the law without proper negotiations or legislative review. The Revised Uniform Unclaimed Property Act (RUUPA) went into effect on January 1, 2018. To address serious concerns with the new law, CBAI along with a coalition of associations representing the financial profession have been meeting with the Treasurer's office for the past year. Among our chief concerns are presumptive abandonment periods, auto renewal of CDs and time deposits, ACH serving as an indication of interest and confidentiality and visitation standards for auditors.

While negotiations have been going on in earnest since January, it's been difficult to get the Treasurer's Office to agree to final legislative language. Three times during the session we believed we had reached a deal only to have the Treasurer's Office pull their support off the table to re-open negotiations. CBAI had numerous conversations directly with Treasurer Mike Frerichs on Memorial Day and the following Tuesday trying to put the deal back on track. CBAI held a late-night meeting with Senate President John Cullerton forty-eight hours before adjournment, to ask him to intercede and help move the negotiations forward. With the Senate President's assistance, we were able to agree to limit the legislation to issues where consensus had been reached and the language was filed as an amendment to [HB 3806](#).

In the final hours, on the final day of session, we were successful in moving HB 3806 unanimously out of the Senate Executive Committee and out of the Senate. Unfortunately, we ran out of time as the bill needed to return to the House for a concurrence vote on the amendment. With only hours left in session the bill stalled in the House. We remain hopeful that we will have an opportunity to move the legislation through the House and to the Governor during the fall Veto Session.

Legislation Reigning in Mortgage Foreclosure Trolls Passes Both Chambers

[SB 2432 \(Mulroe/Martwick\)](#) addresses a technicality in foreclosure cases involving the service of summons that was the result of the 2nd District Appellate Court's decision in *Arch Bay v Perez* from 2015. In the Arch Bay case, counsel sought to vacate a foreclosure alleging that the form of the summons was defective because the defendant's name did not appear on the first page,

but instead appeared on the second page that was stapled to the first page. The bill provides a clarification of the law and closes a legal loophole foreclosure trolls used to drag innocent homeowners to court looking for settlements by threatening property rights. This bill was a joint initiative of CBAI, the Illinois Credit Union League and the Illinois Bankers Association, and ultimately agreed to by the Attorney General's Office and housing advocates. The only opponents of the bill were the foreclosure defense attorneys who stood to gain from these settlements.

SB 2432 was overwhelmingly passed in the Senate Judiciary committee, in which Senators from both sides of the aisle condemned the actions of these foreclosure defense attorneys who pour through decades old foreclosure documents in hopes of re-opening long settled title claims in order to collect fees and settlements. However, the bill hit some bumps in the House Judiciary-Civil Committee, as the committee chairman had several concerns and voiced his opposition. The bill ended up being heard three times in committee, and finally passed out to the floor, after intense discussions with the chairman. The bill passed the House 99-12-1. It now heads to the Governor's desk.

Other CBAI Initiatives Head to the Governor's Desk

[SB 3392 \(Koehler/Evans\)](#) amends the Installment Sales Contract Act to exclude a financing arrangement for the transfer of residential real estate that for religious or cultural reasons does not allow for the collection of interest from the scope of the term "installment sales contract". Some Illinois citizens are prohibited by religious practices from using financial services that collect interest payments. To accommodate these customers, community banks have developed alternative forms of financing that are not interest loans. This exemption is limited to only state and nationally chartered banks and credit unions. SB 3392 passed out of the Senate unanimously 53-0-0 and the House 116-1. It will be sent to the Governor's office for his signature.

[HB 4589 \(McCombie/Anderson\)](#) amends the Savings Bank Act to delete the requirement that savings banks conduct a yearly audit in addition to the normal bank examinations conducted by state regulators. Under this bill, savings banks would be examined in a manner consistent with financial institutions regulated under the State Banking Act, at least once every 18 months. HB 4589 passed out of the House with a vote of 90-20-0, and the Senate 53-0. It will soon head to the Governor's desk.

Judgement Debtor Bills Defeated

CBAI was successful in stopping a package of bills designed to limit the amount of money that could be recovered following a judgement against a debtor. The legislation would make it very difficult to recover debt and even provide a potential financial incentive for default. [HB 5480 \(Mitchell\)](#) would increase the personal property exemptions. [HB 5483 \(Guzzardi\)](#) limits the revival of judgements. [HB 5485 \(Guzzardi\)](#) limits garnishments. [HB 5486 \(Currie\)](#) expands the homestead exemption from \$15,000 to \$150,000 for individuals and \$300,000 for couples. [HB 5487 \(Currie\)](#) would lower the post judgement interest rate from 9% to 2%. CBAI was willing to negotiate potentially smaller changes to some of the bills but proponents were reluctant. In the

end CBAI's opposition coupled with opposition from the Illinois Trial Lawyers Association ultimately doomed the legislation.

Stay Tuned, There's More to Come

The CBAI governmental relations team continues to analyze the results of the spring legislative session. In the coming weeks we will be meeting with the Governor's office to clarify CBAI positions on legislation sent to the Governor for consideration. We will also take a comprehensive look at the results of legislative initiatives of interest to the community banking profession.

If you have any questions or concerns or would like more information on any topic, please contact [Jerry Peck](#) or [Megan Peck](#) at 800/736-2224.