



**Community Bankers Association of Illinois**  
*Department of Governmental Relations*

***NEWS FROM THE FRONT- 9/6/2017***

**[SB 1947](#) (Manar/Davis)**

**Public Act 100-0465**

After years of study and discussion, the Illinois Legislature approved bipartisan legislation to establish a new education formula that is designed to direct the most state aid to school districts in the most need. The Senate President and House Speaker convened a special session of the Illinois General Assembly last week where both chambers approved the bill which creates a new way to distribute state funding to Illinois schools. The House was in Session on Monday. The Senate was in Session on Tuesday. Governor Rauner signed the bill Thursday.

The final product is the result of negotiations between the four legislative leaders. The bill's passage was not easy. The House initially defeated the measure Monday afternoon by a vote of 46-61-5. Representative Davis then moved to override the Governor's veto of **[SB 1](#) (Manar/Davis)**. The override failed by a vote of 63-45-0, so the House then moved to reconsider the vote by which SB 1947 originally failed and the measure was ultimately approved by a vote of 73-34-3. On Tuesday, the Illinois Senate followed suit, approving SB 1947 by a vote of 38-13-4. Lawmakers from both parties have been critical of components of the compromise. Some legislators complained the compromise bill still gives too much money to Chicago schools at the expense of downstate schools while others complained that the tax credits will divert badly needed money away from public schools.

The final compromise encompasses the majority of **SB 1** as it passed the Senate. Additional changes to the bill include the following:

- Creates a tax credit for private school scholarship donations which will operate as a 5-year pilot project. Under the plan, individuals and businesses could receive a 75-cent tax credit for each dollar donated with a donation cap of \$1 million. A maximum of \$75 million worth of tax credits would be awarded annually. The tax credits take effect with the 2018-19 school year.
- Maintains the Minimum Funding Level, but in future years allows \$50 million to be used for swap programs to reduce local property taxes.
- Requires that the normal cost of Chicago Public School (CPS) pensions be paid out under the State Pension Code instead of through the education funding formula. This change allocates an additional \$221 million for CPS.
- Includes special education funding for CPS in the hold harmless provisions.

- Allows the adjustment to CPS local resources calculations to be utilized by all other districts, and should districts develop legacy pension costs under a Tier III program, they will all get the same deduction.
- Streamlines the mandate waiver process for P.E. waivers and Drivers Ed waivers.
- In high property-tax wealth school districts where funding is about 110% of adequacy, 10% of registered voters can sign a petition and initiate a referendum to reduce their school district tax levy by 10%.

### **Revenue Bill Contained Unclaimed Property Changes**

When the Illinois General Assembly finally approved a budget in July they also passed a revenue bill that raised the Illinois Income Tax. The vehicle for this was [SB 9](#), and it became PA 100-0022. SB 9 also contained other revenue enhancements including a \$60 million revenue estimate attached to a rewrite of the Unclaimed Property Act. The new revenue is estimated primarily from reducing the presumptive abandonment period for demand, savings and time deposit accounts from five to three years. CBAI and all other financial trade association groups opposed this language, but once the \$60 million was part of the budget deal, there was no way to get it pulled from the bill. We did ask for a delayed effective date of January 1, 2018, and we had legislative intent to pass a trailer bill this fall read into the record in the Senate.

CBAI and the other financial trade groups had been working with the Treasurer's Office all session on this uniform rewrite of the Unclaimed Property Act. All parties involved agreed that because of the complexity and scope of the rewrite, the vehicle for the rewrite (HB 2603) would be carried over and negotiated this summer for possible fall veto session action. Unfortunately, because of the seemingly insatiable need for revenue, the House Democrat sponsor of the bill inserted the language into the budget revenue bill even though there were many outstanding issues yet to be resolved. The Treasurer is more than willing to negotiate changes to the bill and CBAI and our coalition is currently working on language to try and resolve the issues with the new law.

After session last week, both chambers adjourned to the call of the presiding officer. Although an official veto session calendar has not been released, the Illinois General Assembly traditionally convenes in the late fall to consider action on the Governor's vetoes; and that is when we hope to pass trailer legislation to this new law. We will keep you posted.

### **Governor Signs CBAI Initiatives**

Governor Rauner has now signed all four CBAI legislative initiatives that passed the General Assembly this spring. The Governor signed the last initiative, HB 759, on Friday August 25. CBAI would like to thank Governor Rauner and all our bill sponsors for their hard work and support in the passage of these bills. The following is a synopsis of the CBAI initiatives that are now law.

### [HB 759](#) (Lang/Mulroe)

#### **Public Act 100-0349**

**HB 759** amends the Illinois Insurance Code in a provision concerning licensure requirements for financial institutions to clarify that financial institutions do not need to be licensed to enroll bank customers in group credit insurance policies. This legislation was introduced because recent amendments to the Illinois Insurance Code had created confusion in the marketplace and within the Department of Insurance under the previous administration. **HB 759** will clarify the law to avoid any future confusion or misinterpretation on this issue. **HB 759** was also supported by the Illinois Bankers Association, the Illinois Credit Union League, and the Illinois League of Financial Institutions. Governor Rauner signed **HB 759** on August 25 and it is effective immediately.

### [SB 1694](#) (Koehler/Cassidy)

#### **Public Act 100-0311**

This bill is follow up language from Public Act 99-0759, which was signed into law last year and requires repair shops and garages, that seek to impose fees for storage of a vehicle, to provide written notice to the lienholder of record before the assessment and accrual of fees. There have been numerous complaints of non-compliance with this new law. SB 1694 will clarify the law, add a cross-reference in the Vehicle Code, and add penalties for non-compliance. The towing companies were in strong opposition and worked the General Assembly to oppose these changes. Our coalition (which included CBAI, the Illinois Credit Union League, and the Illinois Bankers Association) agreed to an amendment that addressed several concerns of the Professional Towing and Recovery Operators of Illinois. Among several concessions, the amendment clarified that the notice provided by the towing company is effective on dispatch, and that the towing companies have two business days to send the notification by certified mail. Governor Rauner signed **SB 1694** on August 24, 2017. The bill has an effective date of 90 days after becoming law, so it will become effective on December 24, 2017.

### [HB 3282](#) (Davidsmeyer/Nybo)

#### **Public Act 100-0170**

This bill amends the Data Processing Services for Financial Institutions Act to provide that if a financial institution makes data available to an independent data processing servicer, the data shall remain the property of the financial institution. MasterCard had concerns with the bill as introduced and reached out to CBAI and an amendment was adopted on the House floor to remove their concerns. **HB 3282** passed both the House and the Senate unanimously and was signed by Governor Rauner and became effective on August 18, 2017.

### [HB 2514](#) (Lang/Nybo)

#### **Public Act 100-0064**

This bill allows the Secretary of IDPFR to provide confidential supervisory information to the Federal Home Loan Bank (FHLB) of Chicago relating to any application by the bank before the FHLB of Chicago or regarding any bank that is a member of the FHLB of Chicago if the Secretary determines that the FHLB of Chicago has a legitimate interest in the confidential supervisory information. The bill also allows a bank and other financial institutions to provide the

confidential information directly to the FHLB. This bill is a joint initiative with the FHLB of Chicago, the Illinois Credit Union League, the Illinois Bankers Association and the Illinois League of Financial Institutions. This legislation allows the FHLB of Chicago to have access to the same credit information for Illinois state-chartered banks, thrifts and credit unions as it does for its federally chartered members. **HB 2514** was signed by the Governor and became effective on August 11, 2017.

### **Other Financial Institution Related Bills Acted on by Governor Rauner**

#### **[SB 647 \(Collins/Turner\)](#)**

##### **Public Act 100-0407**

This bill amends the Mortgage Foreclosure Article of the Code of Civil Procedure by extending the additional fee paid by residential foreclosure plaintiffs and purchasers at a judicial sale until January 1, 2020. This bill extends the fee that is tiered based on the number of foreclosures filed by the financial institution. **CBAI opposed this bill** and requested that fees sunset as agreed to in the original legislation. The bill narrowly passed out of the Senate with a vote of 31-21, and the House with a vote of 62-49. The Governor signed this bill on August 25<sup>th</sup>.

#### **[SB 1351 \(Biss/Guzzardi\)](#)**

##### **Total Veto**

This bill creates the Student Loan Servicing Rights Act. The bill provides a student loan bill of rights that includes provisions concerning payment processing, fees, billing statements, payment histories, specialized assistance for student loan borrowers, disclosures related to discharge and cancellation, income-driven repayment plan certifications, information to be provided to private education loan borrowers, cosigner releases, requirements related to the transfer of servicing, and requests for assistance, account dispute resolution, and appeals. Creates the position of Student Loan Ombudsman within the Office of the Attorney General to provide timely assistance to student loan borrowers and provides responsibilities for the Student Loan Ombudsman. Provides for licensure of student loan servicers by the Secretary of Financial and Professional Regulation, and includes provisions concerning applicability, applications, business names, and recordkeeping. Provides that the Secretary shall have the authority to conduct certain investigations and examinations concerning student loan servicer. Governor Rauner vetoed SB 1351 on August 25.

#### **[HB 823 \(Ford/Hunter\)](#)**

##### **Public Act 100-0304**

This bill started off amending the Division of Banking Act to require the Division of Banking to implement a program intended to encourage financial institutions to help meet the credit needs of the communities in which they serve, including low and moderate-income neighborhoods, consistent with safe and sound banking practices. The legislation would also have prohibited the State from entering into a contract or renew a contract with a financial institution that does not participate in the program. CBAI originally opposed the bill, however we worked with the sponsor (Chairman of House Financial Institutions Committee

Representative Ford) and the Illinois Division of Banking on an agreed amendment. HB 823 was signed and became effective on August 24.

**[HB 1783](#) (Demmer/Rose)**

**Public Act 100-0005**

This bill amends the Electronic Funds Transfer Act to require that a person (non-financial institutions) who establishes or owns specified cash-dispensing terminals must post a telephone number on the terminal for consumers to call to report problems, along with the telephone number of the Department of Financial and Professional Regulation (rather than file notices of establishment or ownership with the Secretary of Financial and Professional Regulation). It also repeals the Check Printer and Check Number Act (which is a provision supported by CBAI). This bill was signed by Governor Rauner and became effective on June 30, 2017.

**[HB 3036](#) (Walsh/Jones)**

**Public Act 100-0271**

HB 3036 creates the Predictable Fee Schedule for standard document recording fees. Requires counties to adopt the predictable fee schedule by January 1, 2019. The bill sets minimum flat fees for recording of documents such as deeds, leases and mortgages, and requires the county to implement a cost study if they intend to pass an ordinance or resolution setting the flat fee at a rate higher than the minimum rate set by law. This bill was an initiative of the Illinois Land Title Association and negotiated with the Illinois Realtors Association. The bill was signed by Governor Rauner on August 22, 2017 and became effective immediately.

**[SB 1254](#) (Nybo/Bellock)**

**Public Act 100-0232**

SB 1254 changes the fee structure under the Savings Bank Act to make it more comparable to the fee schedule under the State Banking Act. This is an initiative of IDFP to streamline their billing systems and in response to complaints from the banks about the old assessment system. Governor Rauner signed the bill on August 18, 2017 and the bill became effective immediately.