U.S. House Passes CBAI Advocated SAFE Banking Act
The SAFE Banking Act (H.R. 1595) was approved by a strong bipartisan majority (321 to 103). Every Democrat in the Illinois U.S. House Delegation was joined by Republicans Rodney Davis (an early and welcomed cosponsor), Mike Bost and Adam Kinzinger in voting to pass the bill.

This legislation contains a legal safe harbor for banks which voluntarily provide financial services to cannabis-related business in states where it is legal. While some banks may not have an interest in serving the medical or recreational cannabis market, this legislation is still important because it affects anyone who serves farmers or processors of industrial hemp. This legislation also covers the ancillary businesses related to cannabis, such as the landscape company which mows the lawn in front of a dispensary. Therefore, this legislation will potentially benefit every CBAI member bank, whether they directly serve cannabis-related businesses or not.

The United States Senate has its own version of the SAFE Act of which both of our Senators (Durbin and Duckworth) are cosponsors. This bill has not yet passed the Senate, however, the Senate Banking Committee Chairman (Mike Crapo (R-ID) has steadily moved in our direction over the past few months. Initially he would not commit to make any progress on the issue; now he is expected to draft his own version of the legislation for consideration.

CBAI strongly supports this effort and thanks the many Illinois community bankers who have advocated for a safe harbor for banks to voluntarily provide financial services to cannabis related business in states where it is legal.

CBAI Video of Cannabis/Industrial Hemp and Faster Payments Panel Discussions Available to Members
This year’s CBAI convention included panel discussions on regulatory concerns for banking cannabis and industrial hemp and issues surrounding the development of the new faster payments system. Both panels featured leading experts from both the state and federal level. The videos of “Cannabis Banking Questions and Concerns” and “The Pace of Faster Payments” are available to members.
Payments Accelerates!” sessions are now available on the CBAI website. Visit the Members Only section and use your CBAI Members Only login information.

If you do not have a CBAI Members Only login, please contact Stacy Workman at stacyw@cbai.com or call her directly at 217/560-3096.

Media Report: Some of the Illinois Industrial Hemp Crop May be Coming in “Hot”
Under recently enacted State and Federal laws, industrial hemp is classified as cannabis with less than 0.3% THC (tetrahyrdrocannabinol). Industrial hemp is exempt from the Controlled Substances Act and therefore also exempt from the Bank Secrecy Act. A recent central Illinois media report addresses the learning curve for first year hemp farmers. The report suggests that some of the central Illinois Hemp crop may be coming in “hot,” which is a term used to describe industrial hemp that exceeds the 0.3% THC threshold. Click here to read the entire article.

Tax Amnesty Program Announced
Illinois taxpayers who incurred tax liabilities between July 1, 2011 and June 30, 2018 may be eligible for the one-time tax amnesty program. The program is predicted to bring in $175 million in revenue for the state. Beginning October 1, 2019, eligible taxpayers who pay their eligible tax liabilities in full will have associated penalties and interest waived. Taxpayers have until November 15, 2019 to make a full payment on their liabilities and file the required paperwork with the Illinois Department of Revenue.

To participate in Illinois' Tax Amnesty Program, taxpayers must pay all outstanding tax on an amnesty qualifying period in order to have eligible penalties and interest waived. Taxpayers who failed to file during the original filing period will need to file an original return in addition to making full payment of tax due. For taxpayers who want to report changes to previously filed returns, an amended tax return and full payment of tax due are required. The tax amnesty program includes most types of tax liabilities and penalties, but excludes taxes not collected by IDOR, such as property or local government taxes, and some fees, such as bad check fees and outside collection agency fees. Click here for additional information.

Minimum Wage
An ordinance before the City of Chicago would boost the city’s minimum wage to $15 by 2021, faster than the new state law, but the sponsoring alderwoman is considering a potential compromise for small businesses and non-profit organizations. Chicago Mayor Lori Lightfoot wants the city to act faster than the state on raising the minimum wage, but there may be negotiating room for tipped workers and city employees at parks and schools, along with non-profit organizations that would have a difficult time meeting the minimum wage hike.

Downstate legislators say they are hearing serious concerns over the state’s minimum wage law, passed early in Governor Pritzker’s new administration, and its impact of moving from
$8.25/hour to $15/hour in six years. They argue that regional considerations should be a part of the law, considering that businesses downstate cannot compare to Chicago businesses in being able to afford the significant increase in employee wages. Downstate school districts fear the same impact.

**Wage History Ban Goes Into Effect**
This past spring, state lawmakers passed legislation amending the Equal Pay Act to prohibit employers from asking job applicants about their wage history. This new law went into effect September 29. [Click here](#) for the Illinois Department of Labor e-News release, which includes frequently asked questions on the wage history ban.

**State Pension Liability**
Moody’s Investors latest report on government retirement systems shows Illinois’ pension liability the highest in the nation at $240.8 billion. California, with a population three times of Illinois, is second at $230 billion. Moody’s also reports that the state’s Adjusted Net Pension Liability per capita in Illinois is $18,896. The national median is $2,903 per capita. Mean is $4,883.

**‘Invest in Illinois’ Program**
CBAI recently met with the State Treasurer’s Office to discuss changes to their linked deposits programs. The Treasurer’s Office is rolling out a new program called Invest in Illinois. This new deposit program is a collection of programs – (1) Ag Invest, (2) Business Invest-CUP (community uplift program), and (3) Community Invest- CUP that will provide investment deposits to lending institutions to provide consumer loans, assist with farm related expense, finance business expansion and fund other economic development activities.

Ag Invest will provide loan opportunities for Illinois farmers and agri businesses to start, expand or add value to their farm operation.

Business Invest- CUP (Community Uplift Program) is intended to be a business-focused loan impact program providing low-cost loans to businesses in underserved areas.

The Community Invest-CUP (Community Uplift Program) is a consumer-focused loan impact program providing low-costs loans to individuals and families in underserved communities.

The Treasurer’s Office indicated they are initially committing $500 million to these deposits, and have already funded around $2million so far in 2019. More information is to follow, but please contact us if you have any immediate questions.

**Illinois Department of Agriculture Seeks Input on Regulatory Changes**
The Illinois Department of Agriculture invited CBAI, Illinois Farm Bureau, Soybean Association, Farmers Union and the Grain and Feed Association to a meeting to discuss potential regulatory changes. The first change they are considering is for price later contracts. They are wondering if the industry would be interested in moving to electronic
filing of contracts and what a potential program might look like. It could possibly range from electronic signatures on e-mail based contracts to a fully integrated reporting and record keeping system. The Department’s main concern is access to contracts during a potential dispute among parties. The Illinois Grain Act already allows for electronic recordkeeping so any changes would likely be enacted by administrative rule.

The Department would also like to formally codify the self-measurement of grain program. Under what is currently a voluntary program, companies that store grain report monthly on grain levels at their facilities. The Department verifies the data once a year during an annual inspection. The Department says the program has worked very well and voluntary compliance has been high. Self-reporting saves the Department time, man-hours and money over the course of the year. They would like to consider formalizing the program in its current form by administrative rule.

CBAI would like your feedback on these issues so we can report back to the Department any concerns community bankers may have. Also, if you have other agricultural issue you would like us to take up with the Department please don’t hesitate to reach out and let us know.

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On the Federal Side

Federal Reserve to Launch Real-Time Payments System

In a move that was strongly urged by CBAI, community bankers, consumers and small businesses, the Federal Reserve announced that it will launch a real-time payments system. The 4-1 vote by the Federal Reserve Board was a strong affirmation of the important role the Fed has and must continue to play in the nation’s payments system Please [click here](#) to see the Federal Reserve Press Release. Please [click here](#) to see the Faster Payments FAQs.

CBAI has long-advocated for the Fed’s role in faster payments and against the monopoly of an improved payments system by The Clearing House, which is owned by and acts in the best interests of the nation’s largest banks. The new service will be called FedNow. Contemporaneous with the announcement was a formal Notice and Request for Comments regarding appropriate actions to support interbank settlement of Faster Payments. Please [click here](#) to see the Federal Reserve Notice.

CBAI and its Payments Committee will continue to be engaged, on behalf of Illinois community banks, in helping the Federal Reserve develop its faster payments system to assure that all participants, including community banks, have access to the payments system on a fair and impartial basis.

Meeting with Federal Reserve Bank of Chicago President Charlie Evans

CBAI member Greg Ohlendorf (President and CEO – First Community Bank and Trust in Beecher) and CBAI’s David Schroeder (Senior Vice President, Federal Governmental Relations) met with senior staff from the Federal Reserve Bank of Chicago including: Charlie Evans (President and CEO), Julie Williams (Executive Vice President Supervision and Regulation) and Richard Brunskill (Vice President Community Banking Organizations). CBAI
meets periodically with the Federal Reserve to discuss important issues for Illinois community banks.

Schroeder and Ohlendorf thanked the Federal Reserve for its recent commitment to implement a real-time payments system. They also discussed the issue of tax-exempt credit unions acquiring tax paying community banks. These acquisitions are only the latest example of credit unions straying from their founding mission of serving people of modest means and with a common bond.

Ohlendorf provided an update on the electronic delivery of loan files to facilitate their off-site review during an examination. This multi-year initiative is approaching implementation and Ohlendorf recommended the Fed’s program includes the ability for other users of this information (e.g., all of the regulators, independent loan review, CPA firms and loan participants) to have access so that community banks need only deliver this information once and not multiple times to multiple users.

Schroeder discussed the modernization of the CRA. He highlighted importance of safety and soundness in complying with the CRA and how the high percentage of good examination results is an affirmation of how successfully community banks serve their communities. Among the specific recommendations for additional CRA credit are increasing the loan and revenue thresholds for small business lending from $1 million to $5 million and credit for membership and all activity with a community banks’ Federal Home Loan Bank.

Notes From Springfield
Governor Pritzker has signed 591 bills and vetoed 8, taking action on all legislation passed by the General Assembly this year. The legislature will convene in Springfield for the fall Veto Session on October 28-30 and November 12-14.


Senator Jennifer Bertino-Tarrant (D, Joliet) will run for Will County Executive in 2020, meaning she cannot run for reelection in the Senate.

Sen. Toi Hutchinson (D, Olympia Fields) announced she is resigning her Senate seat to oversee implementation of the new cannabis legalization law. Hutchinson will oversee the activities of five state agencies: Agriculture, Public Health, Revenue, DCEO and the Illinois Department of Financial and Professional Regulation.

Senator Pat McGuire (D, Crest Hill) is not running for reelection in 2020 but plans to serve the remainder of his current term. McGuire has served in the Senate since 2012. Representative John Connor (D, Lockport) will run for Senator McGuire’s seat.

Republican State Rep. Dave McSweeney (R, Cary) announced he will not seek re-election in 2020. He plans to serve out the remainder of his term. McSweeney is considering a statewide run in 2022.
Senator Paul Schmipf (R, Waterloo) announced that he will not run for reelection next year for the 58th Senate seat, likely due to his anticipated appointment as a federal judge. Representative Terri Bryant (R, Murphysboro) then announced that she will run for the Senate instead of the House in November. Bryant has served the 115th House District since 2014 when Mike Bost was elected to Congress.

Freshman Representative Karina Villa (D, West Chicago) plans to run for the State Senate to replace outgoing Senator Jim Oberweis (R, Aurora) in the 25th District. Oberweis is running for Congress. Villa won the 2018 election for the seat formerly held by Mike Fortner.

FBI investigators took computers and files from Senator Martin Sandoval’s (D, Cicero) home and two legislative offices, in addition to several municipality offices in his district around Cicero. The Senate Democrat spokesperson said the Senate President was not aware of the reasons for the investigation at this point. Sandoval remains Chairperson of the Senate Transportation Committee.

Illinois Supreme Court Justice Anne Burke was selected by her fellow justices to serve a three-year term as Chief Justice beginning next month. She has served on the state’s highest court since 2006. Her husband, Alderman Ed Burke, is undergoing federal investigation into a public corruption case.

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**You’re Invited to a CBAI Legislative Roundtable West-Central Illinois**

The CBAI governmental relations team will be hosting legislators and community bankers at a roundtable and reception on Thursday, November 21 form 5-7 p.m. at One Eleven Coffee in Wyoming, IL. This casual event is an opportunity for community bankers to interact directly with lawmakers and discuss the concerns of our industry. Anyone from the bank, from directors to tellers are welcome and encouraged to attend. Drinks and appetizers will be provided. There is no cost for CBAI members to attend. These events are made possible by your generous donations to Community BancPac. Please contact Jessie Schmidt at jessicas@cbai.com or 217/529-2265 for more information or to register.

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**CBAI’s Government Relations Team Highlights Important Community Bank Issues at the 45th Annual Convention & Expo**

CBAI’s Government Relations team provided Convention attendees with information on a variety of important issues facing community bankers.

A Breakout Session title “The Pace of Faster Payments Accelerates!” was a panel discussion introduced by Mike Kelley (President of the Community BancService Corporation) and moderated by Kim Ford (Executive Director of the Faster Payments Council). The panel discussed the efforts to convince the Federal reserve to create the FedNow platform and the implementation timeline. They also discussed who would have access to the platform and how it will potentially operate. A video of this Session is available through CBAI.

A Breakout Session titled “Cannabis Banking Questions and Concerns” featured a panel of
legal and regulatory experts and regulators including Chasse Rehwinkel, Acting Director of the Division of Banking IDFPR and Jeff Cox, Chief of the Bureau of Medicinal Plants at the Illinois Department of Ag. They discussed the legal distinction between recreational cannabis and industrial hemp and the challenges each presents to the banking industry. A video of this Session is available through CBAI.

A Breakout Session titled “Regulatory Hot Stuff” was moderated by Jerry Cavanaugh (General Counsel) and included representatives from the IDFPR, Federal Reserve Banks of Chicago and St. Louis, the OCC, FDIC and the CFPB. These regulators highlighted the most up-to-date issues facing community banks.

A Breakout Session titled “Banking Law Update” was presented by Jerry Cavanaugh (General Counsel) addressed new laws and regulations as well as case law summaries relevant to community banks. The session included a federal legislative and regulatory update by David Schroeder (Senior Vice President) who discussed the Federal Reserve’s decision to implement faster payments system, the modernization of the CRA, and the prospects for a safe harbor for cannabis banking.

The Legislative and Recognition Luncheon speaker Jerry Peck (Senior Vice President) provided an update on state and federal issues including the minimum wage, progressive income tax, faster payments and cannabis/industrial hemp banking.

CBAI members raised $18,835 for Community BancPac in the live and silent auctions. Members also visited the Governmental Relations booth in the Expo Center to talk directly with the team. CBAI’s endorsed candidate for the FHLB-Chicago Board, David Loundy of Devon Bank in Chicago, was also on hand to talk with community bankers about his ideas for representing our profession if he is elected to the Board.

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FEDERAL HOME LOAN BANK OF CHICAGO
2019 BOARD DIRECTOR ELECTION

PLEASE ELECT

David Loundy
Chairman & CEO, Devon Bank, Chicago

The Community Bankers Association of Illinois is proud to endorse David J. Loundy, Chairman & CEO, Devon Bank, Chicago for the Federal Home Loan Bank of Chicago Board of Directors.
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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