

# LEGISLATIVE REPORT



August 2017

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## Housekeeping

### Check your SPAM

It has come to our attention that some of ICUL's Advocacy Reports are being classified as SPAM or Junk email. To receive this relevant and timely news, we recommend that you check your SPAM or Junk email folder to add the email domain for Illinois Credit Union System or Illinois Credit Union League to your 'Approved or Safe Sender' list.

## Federal Update



### CUNA/ICUL-backed resolution repealing arbitration rule passes House

CUNA News Now recently reported that the U.S. House passed a CUNA-backed resolution of disapproval (H.J. Res. 111) on July 24 for the Consumer Financial Protection Bureau's (CFPB) arbitration rule that would restrict the use of arbitration agreements. CUNA has a number of concerns with the rule, and sent a [letter of support](#) to both chambers in advance of the House vote.

The CFPB's rule, [finalized](#) earlier this month, bans financial service providers from using pre-dispute resolution agreements to block class action lawsuits. It also requires companies to submit to the CFPB certain records about claims, counterclaims and awards issued in arbitration.

Our most substantial concern with the rule is that it encourages members, against their best interest, to engage in litigation against the institution of which they are a member-owner. We also believe the final rule hurts the ability of credit unions to limit class action lawsuits. ICUL has been contacted by many credit unions about this CFPB rule and we applaud the US House for their decisive action.

### **Appropriation Bill Action**

ICUL and other Leagues worked closely with CUNA to help pass the House Appropriations Committee's markup of the Financial Services and General Government (FSGG) Appropriations Act for Fiscal Year 2018 on July 13, 2017.

The bill includes provisions that were in H.R. 10, the Financial CHOICE Act, and offers credit unions significant regulatory relief. The measure brings the Consumer Financial Protection Bureau (CFPB) under the appropriations process and reforms CFPB's Unfair, Deceptive, or Abusive Acts Authority, and includes other changes found in CHOICE that add more checks and balances to the CFPB rulemaking process.

The bill also restores full funding to the Community Development Revolving Loan Fund (CDRLF), which had been defunded in the initial draft. CDRLF assists credit unions serving low-income communities.

The bill, however, includes several provisions of serious concern to credit unions. It puts federal banking regulators, including NCUA, under the appropriations process. We oppose bringing the NCUA under the appropriations process as the money that funds NCUA comes solely from credit unions and their members.

ICUL contacted Rep. Quigley's staff to help ensure that our concerns were addressed in the bill and we look forward to working with them as further revisions are made in the Senate.

### **CHOICE Act (Nussle, Kane, Meyer discuss reg burden in Ill. Biz Journal)**

Credit union leaders from the national, state, and local stages shared the challenges of the regulatory burden on credit unions in a recent interview with the [Illinois Business Journal](#).

Jim Nussle, CUNA President/CEO; Tom Kane, Illinois Credit Union League President/CEO; and Alan Meyer, CEO of 1st MidAmerica CU, Bethalto, Ill., detailed the effects of the Dodd-Frank Act.

Nussle explained that when Congress passed the Dodd-Frank Act it provided exemption authority, which fell to the Consumer Financial Protection Bureau (CFPB).

"It's \$76 per member and we have 61,000 members," Meyer said. "Do the math. That's \$4.6 million. For the sake of conversation, let's say we agree that 75% of the regulation is needed. If 25% of it doesn't protect or benefit members, there is \$1 million we would save. In credit unions that money goes back to the members."

Nussle said CUNA and America's credit unions have been working with Congress to try to reform Dodd-Frank. Credit unions scored a big victory in June when the House of Representatives passed the CHOICE Act. The legislation includes several provisions that would make it easier for not-for-profit credit unions to more fully serve their members by reducing regulatory burden and balancing the regulatory scheme.

The CHOICE Act now goes to the Senate. Additionally, as noted in the above section, the FSGG Appropriations bill also contains many regulatory relief provisions.

“We’re not advocating for the complete abolition of the CFPB but one of the key things we’re looking is giving the president the ability to remove the head of the CFPB. It is the only agency with a single, unaccountable administrator,” Kane said. “They get their money without congressional appropriation because they are allocated a percentage of the Federal Reserve’s budget every year, which we would like to change to give Congress control over the CFPB’s funding.”

Nussle stressed that CUNA is not calling for the elimination of Dodd-Frank. He cited CUNA’s [Campaign for Common-Sense Regulation](#), which calls for communicating directly with both members and lawmakers about the regulatory burden and the need for relief.

“We believe there should be standards and regulations regarding financial services when people’s money is involved,” Nussle said.

#### **Durbin: HMDA Follow-up**

ICUL continues dialogue with Senator Durbin’s office to pursue meaningful regulatory relief for credit unions and address issues stemming from our June meeting to discuss pending CFPB Regulations – including the HMDA reporting rule. As proposed, the HMDA rule imposes many new and onerous reporting requirements on credit unions. Hopefully, the CFPB will take note of our concerns and make revisions to the proposed rule. Thank you to the credit unions that responded to our recent survey regarding the impact of the proposed HMDA regulations. We will convey the results to Senator Durbin’s staff to help demonstrate the negative impact of the proposed rule.

#### **In-District Meetings**

Credit Union Magazine has published the article featuring the importance of in-district visits with federal lawmakers. Here is the article link that has been uploaded to Illinois Credit Union League website and will be shared to our social pages as well: [Click here to read article](#).

#### **Regulatory Action Alert on NCUA’s Proposed Voluntary Merger Rulemaking**

Please refer to the [Regulatory Action Alert](#) regarding the Proposed Voluntary Merger Rulemaking recently published by the National Credit Union Administration (NCUA). In the proposal, NCUA has requested comments by August 7 on whether the proposed changes to the existing rule should also apply to merging federally insured, state-chartered credit unions. The [Regulatory Action Alert](#) provides the background of the proposal, the League’s position, and suggested “talking points.” The alert also includes ICUL’s comment letter to the NCUA, and a “scorecard” that helps summarize the League’s position on each element of the rulemaking. Credit unions are encouraged to provide their own comment letter to the NCUA with examples and observations, using the information from the Regulatory Action Alert as a guide. For additional information, please contact [Patrick Smith](#).

#### **NCUA Structural Changes**

The NCUA recently announced consolidation of regional offices and reorganization of staff as part of Chairman J. Mark McWatters’ reevaluation of agency operations. [Changes](#) include consolidation of the 5 regional offices into 3 by closing the Albany, N.Y., and Atlanta, Ga. offices and eliminate four of the agency’s five leased facilities.

In addition to the consolidations, the agency will:

- Create an Office of Credit Union Resources and Expansion by redefining and realigning chartering and field-of-membership, credit union development, grants and loans and minority depository institutions programs;
- Restructure the Office of Examination and Insurance into specialized working groups; and
- Realign the Asset Management and Assistance Center to include changes to the servicing business model and moving to a financial supervisory structure.

NCUA also plans to eliminate agency offices with overlapping functions and improve functions such as examination reporting, records management and procurement. The proposed plan anticipates a reduction in the agency's workforce by attrition.

Additional details of the agency's plan, including projected cost savings, will be available at the upcoming fall budget briefing.

## State Update

### 2018 State Legislative/Regulatory Agenda

The Illinois Credit Union League is beginning to develop our 2018 state legislative and regulatory agenda. Please contact your League Director, Chapter LFR, or [Keith Sias](#) if you have suggestions for next year's proposals.

### Budget Bill Summary - Special Legislative Session

On July 6, the Illinois House of Representatives voted to override the Governor's vetoes of the budget and spending bills (SB 6, SB 9, and SB 42). As you may have seen in the press, these bills end the state's budget impasse by a combination of reduced spending and raising the individual and corporate income tax rates. The General Assembly is expected to consider other non-budget reforms such as: property tax relief, workers compensation and public pension changes during future session dates. Additionally, the state's \$15 billion backlog of unpaid bills is expected to be addressed in the future.

Items to note about the Budget bills' impact on Illinois credit unions:

- The bills included no taxes or fees on credit unions
- There was a minor fund sweep of \$176,200 from the dedicated Credit Union Fund to the General Revenue Fund. While this transfer will have a marginal impact on future regulatory fee credits, the CU Fund retains a healthy balance and overall operations of the CU Division should not be adversely affected.
- SB 9 contains the language from HB2603, which rewrites the States Unclaimed Property Act. ICUL and the other financial industry trade groups opposed the inclusion of this language in the budget bills, as a working group had been developing language for the rewrite and had

planned to reach out to all impacted stakeholders over the summer for policy and operational input regarding the proposed changes. While the language was not removed from the bill, legislators and staff were made aware of our concerns and a statement was read into the record about our concerns and the possible need for clean-up legislation. ICUL's Legislative Committee will be reviewing the language of the bill and may be contacting credit unions to gauge the operational impact and need for revisions to this section of the bill.

With a state budget in place, the General Assembly began a summer recess, which has been called short. Governor Rauner has called the legislators back to Springfield for another round of special sessions to address SB 1, the education funding reform bill, beginning Wednesday, July 26. ICUL will monitor the special session days and will report on any relevant action which may affect credit unions.

### ICUL Bills

Currently, the status of ICUL bills remains that same since last month's report. The League continues to monitor our legislative initiatives that have passed both chambers of the General Assembly. After these bills are sent to the governor, the governor can act on these bills within 60 days. If no action is taken within 60 days after the bill reaches the Governor, it automatically becomes law. As a reminder, the chart below shows the current status our initiatives. You can access information regarding the status of ICUL's Top 30 Bill Status Report [here](#).

We will keep you informed as these measures are acted upon and issue L&T Bulletins accordingly.

### Coming Soon: Governmental Affairs Podcast to be posted at time of Small Asset Size (SAS) Conference

Be sure to tune into ICUL's Governmental Affairs podcast, which will be posted around the time of the SAS Conference (August 8 and 9). The podcast will provide an overview and update of the State Legislative Session that concerns credit unions.



### CUPAC CORPORATE CAMPAIGN SEEKING CONTRIBUTORS

CUPAC's corporate campaign is underway. CUPAC is asking state-chartered credit unions (federal credit unions are prohibited by law) & business partners to contribute to its annual corporate fundraising campaign. Monies raised will be used to help elect and re-elect legislators sympathetic to our cause.

A corporate contribution to CUPAC will help us build the financial resources necessary to narrow the margin between credit union and bank political contribution amounts. It takes money to win elections and CUPAC contributions help us support our legislative friends.

There are 193 state-chartered credit unions in Illinois. As of July 1, only sixty-two (62) credit unions have contributed. This equates to 32.1% of credit unions contributing their fair share, benefiting the other 67.9%.

We truly appreciate all donations and hope more credit unions will recognize the importance. Please do your fair share.

What is the value of a successful political action program in Illinois? Perhaps just 10 cents per member is a fair, yet small, price to pay to help obtain legislation that benefits credit union operations and membership. Perhaps it is more; perhaps it is less. Suggested Contribution Amounts:

<u>Assets</u>	<u>Suggested Contribution</u>	<u>Recognition Level</u>	<u>Assets</u>	<u>Suggested Contribution</u>	<u>Recognition Level</u>
Over \$500 Million	\$15,000 (or more)	CUPAC Diamond Club	\$20-\$ 50 Million	\$750 (or more)	CUPAC Sponsor
\$100-\$500 Million	\$5,000 (or more)	CUPAC Platinum Club	\$5-\$20 Million	\$250 (or more)	CUPAC Donor
\$50-\$100 Million	\$2,500 (or more)	CUPAC Capitol Gold Club	\$0-\$5 Million	\$ 100 (or more)	CUPAC Donor

Whatever value is placed on the success of a viable political action program, please encourage the state-chartered credit unions in your chapter to give a “fair share” contribution to CUPAC today.

Although federal credit unions are prohibited by law from making contributions to political action committees, their employees and volunteers face no such restrictions. A number of programs are available to assist federally-chartered credit unions to contribute their fair share to CUPAC, including the payroll deduction program. A portion of eligible contributions made to CUPAC are transferred to the Credit Union Legislative Action Council (the federal PAC) to be used on behalf of federal legislators.

Contact [Pat Huffman](#) for additional information on the corporate program or other ways you can contribute to CUPAC.

#### [Hike-the Hill, Washington, D.C. – September 13-14](#)

[Registration deadline August 18, 2017](#)

ICUL’s annual Congressional “Hike the Hill” event is intended to bring politically active credit union officials to Washington, D.C. The purpose of our visit is to better acquaint lawmakers, regulators and their staff with credit unions and explain why credit unions should not be caught-up in any legislation or regulation that has the unintentional consequence of negatively impacting credit union members.

[Registration materials](#) have been emailed to credit unions. Credit unions are encouraged to attend this important event. For further information, please contact the Governmental Affairs Department: [Keith Sias](#), [Pat Huffman](#), or [Debbie Bindler](#).

#### [Upcoming Chapter Legislative Appreciation Events](#)

Inviting legislators to chapter events is an important component of ICUL’s Grassroots Advocacy Programs. The chart below depicts Chapter Legislative and CUPAC events that are currently scheduled for the remainder of 2017. Please contact [Jennifer Midden](#) to add an event to this list or revise any of the information.

2017 Legislative/CUPAC Chapter Meetings		
Meeting Date	Chapter Name	Meeting Type (Legis/CUPAC)
08/11/17	Central Illinois	CU CUPAC Night at Dozer Park Peoria Chiefs vs Burlington Bees 730 SW Jefferson Ave, Peoria 7 pm
08/29/17	Tri-County	Legislative Night Uptown Bar & Grill 601 1st. St., LaSalle 6 pm-Social; 6:30 pm-Dinner
08/31/17	Fox Valley	Legislative Appreciation Bkfst Holiday Inn Hotel 495 Airport Rd, Elgin 7:30 am-Bkfst; 8:30 am-Mtg
09/07/17	Rockford Area	CUPAC Golf Outing Timber Point GC Poplar Grove Noon-tee times begin
09/11/17	Kankakee Valley	Legislative Picnic Kankakee Boat Club 5:30-8 pm
09/17/17	Southern Illinois	Lunch/Legislative Update Golden Corral Shiloh 11:30 am - 1 p.m.
09/21/17	Egyptian	Legislative Night Kokopelli 1527 Champions Dr., Marion 6 pm-Social; 6:30 pm-Dinner
09/22/17	Southern Illinois	CUPAC Golf Outing Stonewolf GC 8 am-Reg; 9 am-Shotgun
09/25/17	Doig	Legislative Bkfst Baxter CU 340 N. Milwaukee Ave. Vernon Hills 7:15 - 9:30 am
10/20/17	Kankakee Valley	CUPAC Fundraiser/Auction
10/25/17	Sangamon Valley	Trivia Night (CUPAC)
11/04/17	Burnett	CUPAC Outing Blues vs. Maple Leafs Scottrade Center St. Louis, MO 6 pm - Game Time
11/07/17	Sangamon Valley	Legislative Luncheon CU1 225 S. College Ed. Ctr, Springfield
11/30/17	Doig	CUPAC Auction Key Lime Cove Gurnee 6 pm
12/05/17	Southern Illinois	Christmas Party Michael's Restaurant 425 Broadway, Highland 6 pm-Social 6:30 pm-Dinner

Contributions are not deductible as charitable contributions for federal income tax purposes. A copy of our report filed with the State Board of Elections is (or will be) available on the Board's official website ([www.elections.il.gov](http://www.elections.il.gov)) or for purchase from the State Board of Elections in Springfield, Illinois. Contributions are strictly voluntary and will be used for political purposes. You have the right to refuse to contribute without reprisal. The above amounts are suggested giving levels. More or less may be contributed. Contributor will not be favored or disadvantaged by reason of the amount contributed or decision not to contribute. A portion or this entire donation may be forwarded to CULAC, the federal political action committee of the Credit Union National Association.

For further information about items in this LFR Report, please contact ICUL's Governmental Affairs Staff:

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