

# LEGISLATIVE REPORT



December 2017/January 2018

## Hot Topics

### Federal Issues

- o Tax reform
- o Regulatory Relief

### State Issues

- o 2017 Legislative & Regulatory Summary
- o 2018 Legislative Proposals

### CUPAC & Political Advocacy

- o GAC Registration and hotel deadlines
- o Member Activation Program (MAP)
- o CUPAC program updates, 2018 forms and Individual Contributions

Advocacy and political action efforts at the state and federal levels has recently secured several victories for credit unions.

## Federal Update



Credit unions have experienced successful results at the federal level of government during the last half of 2017. Specific victories include:

- Introduction of tax code rewrite bills in both the House and Senate that Do Not change the credit union tax status.
- House Passage of The Choice Act (HR1) that contains meaningful regulatory relief for credit unions.
- Senate introduction of a regulatory relief bill that exempts 1-4 non owner occupied loans from the MBL Cap.
- Passage of an amendment to remove the NCUA from the Appropriations process.
- Successful passage of resolution to repeal the CFPB Arbitration Rule.

Each of these victories would not have been possible without the help of credit unions engaged in the Campaign for Common Sense Regulations and participating in our key advocacy programs such as: PZC and MAP.

### **Credit Unions engaged with tax reform bills, reg relief markup**

Credit unions will be engaged with tax reform legislation in both chambers of Congress through December adjournment deadline.

The House Ways and Means Committee recently [passed](#) the Tax Cuts and Jobs Act (H.R. 1), and it passed the House floor on November 16, 2017.

We're pleased to report that the House Ways and Means Committee reported the bill with no changes to the credit union tax status. The Committee recognized that credit unions are tax exempt based on their structure and their mission. Their structure is not-for-profit cooperatives, and their mission is to promote thrift and provide access to credit for provident purposes. Our ongoing grassroots effort to educate members of Congress about the credit union difference was a key factor in maintaining the credit union tax status.

The Senate Finance Committee passed its version of a tax reform bill on November 29, 2017. It is important to note that the Senate Finance committee also recognized the importance of the credit union tax status by making no changes to it.

Going forward, House and Senate negotiators will attempt to reconcile the bill via a conference committee. Congress aims to have a tax reform bill signed by President Donald Trump before Christmas.

Hopefully the final versions of tax reform and regulatory relief will be enacted by year end and will continue to contain language beneficial to credit unions, including no changes to the credit union tax status.

### **Credit union reg relief included in SB 2511**

A bipartisan group of Senate Banking Committee members released a bill (SB 2511) that would offer credit union regulatory relief. ICUL recently sent out a [Legislative Alert](#) asking that credit unions contact our US Senators in support of this legislation.

A significant provision of the Senate bill would grant credit unions parity with banks by classifying residential loans on one to four nonowner-occupied units as real estate loans. Currently these loans, when made by credit unions, are classified as business loans; similar loans made by banks are considered real estate loans.

Bipartisan standalone legislation containing this language has already been introduced in both the House and Senate. Regulatory relief is part of our [Campaign for Common-Sense Regulation](#), launched earlier this year to see common sense regulations enacted to remove barriers keeping credit unions from more fully serving their members.

### **CFPB Director Cordray announces resignation**

CFPD Director Richard Cordray resigned from his position as of November 24, 2017. An ICUL alert on this matter can be found [here](#).

# State Update

## 2017 Legislative and Regulatory Agenda

- **Passage of State Legislative Agenda.** Please refer to our [“Top 30” Bill Status Report](#) reflecting action as of August 25, 2017. This is the final Status Report of 2017. Bills that have been signed into law by Governor Rauner are readily identified with a bolded reference in the far right “Last Activity or Action” column. References in that column to “referred to Assignments” or “re-referred to Rules”, means further action on the bill during the 100th General Assembly is unlikely. We are pleased with the success credit unions achieved in passing good bills and killing bad bills in the 2017 session of the General Assembly.

ICUL's agenda included a number of our priority initiatives that have been signed and enacted into law:

**HB 1792:** Amends the Illinois Credit Union Act to provide that:

- credit unions may invest in corporate bonds identified as investment grade by at least one nationally recognized statistical rating organization;
- in their management of assets, liabilities and liquidity, credit unions may purchase investment interests in pools of loans, in whole or in part, and without regard to the membership of the borrowers, from other depository institutions and financial type institutions;
- a credit union or network credit union may create and use descriptive and brand references to promote and market its identity, services, and products to its members;
- credit union members may vote on questions and in elections by secure electronic record if approved by the board of directors;
- the par value of a share of a credit union must be at least \$1 (rather than \$5), to facilitate programs where the credit union advances the share subscription;
- each divisional credit union of a network credit union may (rather than shall) have an advisory board of directors and the advisory board of directors may (rather than shall) appoint a divisional credit union chief management official;
- a divisional credit union may determine to identify its advisory board as a committee and its divisional chief management official with a title it deems reasonable and appropriate;
- management may appoint a compliance review committee; and
- the Governor's Board of Credit Union Advisors shall meet at least once each calendar year (rather than once each 6 months). (**Public Act 100-0361 effective 8/25/17**)

**HB 759:** Amends the Illinois Insurance Code concerning licensure requirements for financial institutions to provide that nothing in the Code shall be construed to require a limited lines producer license or any other form or class of producer's license for financial institutions, or their employees, in connection with their

enrollment and administrative services performed to enable individuals to purchase insurance coverage under a group credit insurance policy from a licensed producer. (**Public Act 100-0349 effective 8/25/17**)

**HB 2514:** Amends the Illinois Credit Union Act to expressly authorize credit unions to disclose confidential supervisory information to a Federal Home Loan Bank (e.g., the credit unions' regulatory exam reports, to facilitate the underwriting of FHLB loans to credit unions). Makes corresponding amendments to Illinois Banking Act and Savings Bank Act. **(Public Act 100-0064 effective 8/11/17)**

**SB 1694:** Amends the Labor and Storage Lien Act and the Labor and Storage Lien (Small Amount) Act to require a towing company or repair shop seeking to impose storage fees for a vehicle in its possession to provide notice, by certified mail, return receipt, to the lienholder of record. Provides that the notice shall be given within two (2) business days of towing or impounding, regardless of whether the person seeking to impose fees enforces a lien. The notification requirements apply in addition to any other lienholder notice requirements under the Illinois Vehicle Code relating to the removal or towing of an abandoned, lost, stolen, or unclaimed vehicle. Storage fees may not be assessed absent the notice and the lienholder may recover any storage fees paid if the notice was not sent by the shop or towing company. Lienholder opportunity to inspect vehicle must be provided within two (2) business days of request. Makes corresponding changes to the Illinois Vehicle Code. **(Public Act 100-0311 effective 11/22/17)**

**HB 3282:** Amends the Data Processing Services for Financial Institutions Act to simplify the definition of "financial institution" and 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. **(Public Act 100-0170 effective 8/18/17)**

#### **Defeat of Bills We Opposed:**

Additionally, during the 2017 legislative session, ICUL was able to amend or defeat bills which would have negatively impacted credit union operations, including:

- **HB 1274:** This measure would have established a cap of \$1 for ATM cash withdrawal fees and was vigorously opposed by the League. The measure passed out of the House Consumer Protection Committee on a vote of 3-2, but was ultimately referred to Rules.
- **SB 319:** This measure would have amended the Employee Credit Privacy Act to eliminate the existing financial institution blanket exemption from the Act's restriction on obtaining credit history and credit reports on certain categories of employees. SB 319 had an extended deadline, but the sponsor fully understood the League's strong opposition and did not move the measure. On August 4, 2017, it was referred to Assignments.
- **SB 568:** This measure would have amended the Illinois Mortgage Foreclosure Law to re-enact the "30/30/30" grace period notice loss mitigation process for residential real estate occupied as a principal residence by the borrower. ICUL and other financial institution groups opposed this legislation, citing conflicts with CFPB foreclosure avoidance provisions. The measure was referred to Assignments on August 4, 2017.

#### **Fall Veto Session**

The Illinois House and Senate were in Springfield for the fall veto session from October 24-26 and November 7-9. ICUL monitored legislative activity and focused efforts on amending the new Illinois Revised Uniform Unclaimed Property Act ("RUUPA").

ICUL spent several weeks leading up to the veto session negotiating changes to RUUPA that were included as part of the state's 2018 Budget Bill (SB 9) passed in July and set to take effect on January 1, 2018. ICUL and its colleagues in the financial services coalition group presented a list of 16 potential changes to the State

Treasurer and Rep. Mike Zalewski (Chairman of the House Revenue Committee and sponsor of the bill). Seven of our suggested changes were included in an agreed amendment to RUUPA filed as [SB 868, House Amendment 2](#). SB 868 passed both chambers and is pending approval by Governor Rauner.

Substantial relief for credit unions included in the language as passed are:

- Financial institution reporting period changed from May 1 to November 1 of each year
- Clarification and consistency in “gift card” and “stored value” card definitions
- Authority to charge escheatment fees
- Clarification of “owner” and “apparent owner” definitions
- Clarification of recovery of safety deposit box opening fees
- Restoration of prior law reference to cover cashier’s checks
- Explicit reference for owner recovery of interest from administrator

Other changes sought by the financial services coalition group were either rejected or will be held over for the spring session. Items that were **not** addressed in SB 868 include:

- Extending the January 1, 2018 effective date of RUUPA
- Restoring the previous 5 year presumptive period of abandonment for deposit accounts (commencing January 1, 2018, the presumptive period moves from 5 years to 3 years)
- Eliminating 3rd party contingent fee collection of unclaimed property in Illinois
- Restoring a statute of limitations period

### 2018 Legislative Proposals

Through the resolution of specific compliance questions for credit unions throughout the year, ICUL recently identified potential initiatives for legislative and regulatory action. NCUA and CFPB rulemaking activities generate further potential initiatives at the State level. At its meetings on September 5, 2017, and December 6, 2017, the Legislative Committee preliminarily identified several potential initiatives for the 2018 agenda.

ICUL continues to finalize its proposals for the 2018 legislative session. We will focus on amendments to the Illinois Credit Union Act to bring change benefitting credit unions operationally, as well as addressing issues stemming from the recent passage of RUUPA. ICUL will advocate to ensure that sufficient penalties are in place for A.T.M. skimming crimes and will consider strengthening protections for financial institutions that provide services to the cannabis industry. Additionally, ICUL will look for opportunities to address data breach on the state level.



## **2018 CUNA GAC – February 25-March 1, 2018**

Registration and hotel reservations are still being accepted for the 2018 CUNA Governmental Affairs Conference (GAC) and ICUL related events. [Agenda and registration form available on ICUL website.](#)

**Conference Registration Deadline:** 1/5/2018

**Conference Cancellation Deadline:** 1/25/18 (refund, less CUNA's 25% Administration fee. No refund after 1/25)

**Hotel Reservation Deadline:** 1/10/2018 (or until sold out)

**Hotel Cancellation Deadline:** 12/15/17 (after this date subject to one night's room & tax)

Small Credit Union Discount: CU assets under \$50 million

Financial Assistance: ICU Foundation Scholarship Deadline 12/8/2017

As of press time, Illinois has a limited number of rooms available in the hotel room block at the Grand Hyatt. If you want to stay in the Illinois hotel, please [click here for hotel reservations](#). Rooms are available at other official GAC hotels.

The Congressional office visit meetings will be arranged for Wednesday afternoon, February 28. If you plan to participate in the meetings, you are encouraged to plan to stay over Wednesday night (or depart LATE Wednesday evening) in order to allow enough time for participation. The Wednesday afternoon Congressional visits could be scheduled to begin as late as 5:30 pm (congressional schedules are beyond our control).

**CUNA gives small CUs a chance to attend GAC for free:** CUNA has launched a 2018 GAC scholarship contest that will award two small credit unions free registrations to the GAC. To earn entry into the drawing, credit unions under \$100 million in assets must sign up for a Daily Digest or Real Time email report from the [Small Credit Union Community](#) and post a question or response in the Discussion section between Dec. 11 and Jan. 19, 2018.

### **2018 Chapter Legislative Forum Representative (LFR) Dialogue: May 16**

Chapter LFRs (those elected or appointed for 2018) are asked to plan to attend the annual LFR Dialogue session to be held Wednesday morning, May 16, 2018 in Springfield. Invitations will be sent in early 2018.

### **2018 Springfield Legislative Summit: May 15**

The ICUL Springfield Legislative Summit is scheduled for May 15, 2018. Conference registration materials will be available closer to the conference date.

### **Register to Vote by February 20, 2018:**

Make sure you will have the opportunity to exercise your right to vote! Some elections have been won or lost by just one vote. The next Primary Election will take place March 20, 2018 and the General Election on November 6, 2018. If you have moved, changed your name, or never before registered, you must register to vote before February 20, 2018, if you wish to vote in the March primary.

You may confirm your status or register on line at the following link: <https://ova.elections.il.gov/>

### **Member Activation Program (MAP)**

The Member Activation Program (MAP) is a member education program. Once your credit union enrolls in MAP, you customize the draft templates to appeal to your members. There is no cost to participate in MAP and it provides an

excellent opportunity to educate and engage members. A well-informed member can be an active member when needed for specific grassroots calls to action.

This is an ongoing program. CUNA will occasionally send the credit union a prepared message for emailing to members. The credit union decides if it will push it out as is, modify it, or decide against distribution. Examples and templates are available from [the Advocacy section of CUNA's website](#).

Asking your members to write to Congress could steer members toward using the credit union as their Primary Financial Institution. Not only will the Member Activation Program generate additional contacts into Congress, it is likely to generate increased business at your credit union! "4 out of 5 CU members contacted on advocacy agree: 'I am more likely to do a greater share of my personal banking with a credit union.'"

How does MAP Work?

SIGN UP	<a href="#">Click here</a> to sign your credit union up for MAP.
PLUG-AND-PLAY CONTENT	CUNA provides plug-and-play content and tools to deliver advocacy messages to your members on key issues. Issues currently available: Strong Credit Unions/Strong Middle Class Examples submitted by credit unions can be viewed on the <a href="#">Advocacy section of CUNA's website</a> .
YOUR BRAND = CREDIBILITY	You send advocacy messages to your members on critical state and federal issues using your credit union's brand.
STRENGTHEN YOUR CONNECTION WITH YOUR MEMBERS	As your members learn about the issues and take action, their connection to your credit union grows stronger.

## CUPAC

### Corporate Contributions

**2018 ICUL Dues Invoice includes option for CUPAC Corporate Contribution:** State-chartered credit unions have the opportunity to make their annual corporate donation to CUPAC at the same time ICUL dues are paid. To assist in determining a donation amount, a recommended contribution, based on asset size, was included. Of course, contributions to CUPAC are accepted at any time of year. If your credit union would rather contribute mid-year, CUPAC will send a donation request at that time.

**2017 Corporate Donors:** Thank you to the state-chartered credit unions that donated to CUPAC's 2017 annual corporate membership campaign. Monies raised will be used to help elect and re-elect legislators sympathetic to our cause. [Click here](#) for a list of the 92 credit unions that donated to the 2017 campaign (as of 12/5/17).

### 2018 Credit Union and Chapter Forms Requested

**Honor Roll:** Enrollment forms soliciting membership for the 2018 Honor Roll program are being sent to chapter chairman and all credit unions. Honor roll credit unions and chapters are those in which the entire board of directors, as well as the CEO, enroll as members of CUPAC. [Honor Roll credit unions & chapters](#) will be recognized during the Keynote & Awards Ceremony held in conjunction with the League's annual convention. [Honor roll applications](#) should be submitted no later than February 17, to ensure recognition during the Keynote & Awards program.

**Chapter Competition & Disbursements to CUPAC:** Chapter Chairmen will receive a [pledge form](#) for the 2018 CUPAC Chapter Competition program. The form asks chapters to designate a dollar amount it expects to raise for 2018. Chapters are not responsible for pledge amounts not raised; pledges serve as a fundraising goal. Forms should be returned no later than March 15th. The top three contributors will be recognized during the Chapter Leaders' Conference. Additionally, Chapter Chairmen receive a [chapter disbursement to CUPAC form](#). A return of this form allows CUPAC to use funds raised at chapter fundraising events for donation to legislative candidates. Our goal is to have 100% returned. We ask that you help us reach that goal in 2018. These forms are requested each year.

The 2017 CUPAC Chapter Competition report as of 11/30/17 can be viewed on the [advocacy-CUPAC page of the ICUL website](#).

**Individual Donations:** CUPAC's individual membership program kicks off January 1. Renewals will be mailed to all current members of CUPAC. CEOs who are not presently CUPAC members will receive a separate mailing. If you do not receive a mailing, and would like to enroll, please contact Pat Huffman. [Click here for suggested giving levels and donation form](#).

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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