

# LEGISLATIVE REPORT

Summer 2018

## Hot Topics

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- o Next steps after passing of S. 2155

### State Issues

- o 2018 Legislative Spring Session Summary
- o Unclaimed Property Update

### CUPAC & Political Advocacy

- o Chapter Disbursement forms needed
- o Credit Union donations to CUPAC Requested
- o Hike-the-Hill (Sept. 12-13). Registration Deadline: August 10, 2018
- o Mark your calendar: 2019 CUNA GAC March 10-14

## Federal Update

### US House Passes S. 2155!

All of our efforts and hard work have culminated with the US House voting to approve S. 2155 on May 22, 2018 by a vote of 258-159. It is refreshing to see that in a session marked by partisan divisions, Congress was able to enact meaningful, bi-partisan, common sense regulatory relief that will benefit credit unions and our member-owner consumers. The passage of S. 2155 occurred because of all of the grassroots efforts displayed by credit unions as we were fully engaged in the Campaign for Common Sense Regulation. Whether you contacted your member of Congress, wrote an op-ed letter to the editor, engaged your directors and board members, or went out on MAP to your members, all of your actions led to the enactment of S. 2155. THANK YOU!

An important next step is to [contact legislators](#) about their votes. Thank those legislators that voted YES on S. 2155 and also contact those that voted NO to let them know that, hopefully, there will be opportunities in the near future to vote on additional measures supported by credit unions.

Included among the important provisions in S. 2155 are: language that means that seniors will be better protected from financial elder abuse, mortgage processing will be easier and quicker, there will be more affordable rental housing in communities across the country, and credit unions will be able to provide even better service to their 110 million members. A significant provision of the Senate bill would grant credit unions parity with banks by classifying residential loans on one-to-four non-owner 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.

ICUL has been in contact with IDFPR to determine how to quickly implement the provision of S. 2155 that exempts 1-4 non-owner occupied loans from the business lending limits to provide Illinois state-chartered credit unions parity. A change will be needed to the State member business lending rule. Patrick Smith is leading our efforts on this issue.

Thank you for advocating on behalf of your credit union and doing all you could to help this common-sense, bi-partisan bill become law!

### **S. 2155 Next Steps**

#### **CUNA Writes to House Subcommittee with ways to Reduce Reg Burden**

The House Financial Services Subcommittee on Financial Institutions and Consumer Credit held a lengthy hearing entitled, "Improving Transparency and Accountability at the Bureau of Consumer Financial Protection." Prior to the hearing, CUNA sent a letter to Chairman Luetkemeyer and Ranking Member Clay highlighting a number of ways that credit unions want change at the Bureau of Consumer Financial Protection (BCFP).

In the letter, CUNA wrote "The Bureau, in its first several years of existence, missed opportunities to leverage credit unions' mission and history to the benefit of consumers, and finalized regulations that harmed credit unions and their members. Consumers lose when one-size-fits-all rules force credit unions to pull back safe and affordable options from the market, pushing consumers into the arms of the providers engaged in the very activity that the rules were designed to curtail." ([Read more here](#))

Share Your Reg Burden Story with the Bureau! Addition information can be found [here](#).

#### **FSGG bill w/ CUNA-backed reg relief passes House Approps Cmte**

The House Appropriations Committee passed its Financial Services and General Government (FSGG) Appropriations Act for Fiscal Year 2019 on June 13, 2018 with a number of CUNA-supported regulatory relief provisions. CUNA [wrote in support](#) of the bill prior to the committee's markup.

Important credit union provisions in the FSGG legislation include:

- Remove certain premiums and title insurance from the points and fees calculation (**Mortgage Choice Act**);
- Provide credit unions sufficient flexibility to ensure that members have access to the privacy policy pertinent to their relationship with the credit union (**Privacy Notification Technical Clarification Act**);
- Amend the Real Estate Settlement Procedures Act to require the Bureau of Consumer Financial Protection to allow the accurate disclosure of title insurance premiums and any potential available discounts to homebuyers (**TRID Improvement Act**);
- Repeal NCUA's risk-based capital rule (**Common Sense Credit Union Capital Relief Act**); and
- Create an independent inspector general at the bureau (**Bureau of Consumer Financial Protection–Inspector General Reform Act**).
- Increased CDFI funding to \$216 million.

We will keep you informed on the progress of this bill as it advances through the legislative process.

# State Update



## State Update: 100th General Assembly

The Illinois General Assembly adjourned May 31st after months of activity on legislative proposals. ICUL was very pleased that nearly all of the legislation we initiated and supported was passed by both the House and Senate.

**HB 5497** amends three sections of the Illinois Credit Union Act. The Section 10 amendment authorizes a credit union, in its discretion, to furnish a member's financial records to law enforcement where there is reasonable suspicion of an imminent threat to the personal security and safety of the member that necessitates an expedited release of the member's financial records. Amendments to Section 34 update and clarify audit thresholds based upon a CPI adjustment of existing figures, and updates the time frame for delivery of audit reports to IDFPR. Amendments to Section 59 clarify that credit unions may issue certificates of deposit to and purchase assets of other financial institutions. The measure was passed by both the House and Senate.

**HB 4541** amends the Illinois Municipal Code to include credit unions as financial institutions from which municipalities may borrow funds. This initiative of ICUL passed both chambers unanimously.

**HR 826** is a Resolution initiated by ICUL that urges the Secretary of State to implement an electronic lien and title system. While the Secretary of State does have the authority to do this, they have not yet established an electronic system and ICUL believes it would be beneficial for all parties to a transaction to utilize such a system for purposes of efficiency. The Resolution has been adopted by the House.

**SB 2432** was a coalition effort to address the ruling in the Arch Bay Appellate Court decision that ruled that service of process in a foreclosure case was defective because the defendant's name did not appear on the face of the summons. The measure brings clarity to the law and provides that a technical error in format does not affect a court's jurisdiction if the summons is properly issued and served and the person served is identified as a defendant on the summons. SB 2432 passed the House and Senate.

ICUL filed a measure this session to address numerous issues with the recently enacted Revised Uniform Unclaimed Property Act. **SB 3229** as originally filed would have addressed concerns raised by financial institutions as they work to implement the law. Through negotiations, we limited the scope of the language, which was then amended onto **HB 3806**. The measure passed the Senate unanimously but was not acted upon in the House prior to adjournment. ICUL and other financial institution groups will continue to discuss the importance of this issue with legislators and will pursue legislation in the fall veto session to amend the Act.

ICUL was very successful in amending or defeating legislation that would have had a negative impact on credit union operations in Illinois.

**HB 4324** was proposed to create a Wage Lien Act for employees that feel their wages have not been properly paid. Such employees would have been able to place a lien on their employer's property for the amount of unpaid wages, and that lien would take priority over any other existing liens. ICUL worked with the bill's sponsors to amend the legislation to alleviate the negative impact on financial institutions, instead focusing on the process by which these claims are adjudicated by the Department of Labor. The bill passed the House, and was amended in the Senate, but the House did not concur with the amendment. At this time, no further action will be taken on this measure.

The Illinois State Treasurer's Office initiated **HB 4922** and **SB 3102**, identical measures filed to prohibit fees on card products. ICUL worked with the Treasurer's Office to limit the scope of the legislation so that the language only applies to rebate cards issued by retailers. Conceptually, ICUL still generally opposes legislation

establishing fee restraints on financial institution products. HB 4922 passed both chambers of the General Assembly.

Similarly, **SB 2657** was filed to prohibit transaction fees in connection with the use of debit and credit cards. We discussed this bill with the sponsor, Senator Emil Jones, who also proposed a prohibition on merchant surcharges. Ultimately, after our conversations, the Senator agreed not to move the bill.

**HB 4710** was filed in an attempt to address the amount of credit card debt held by college students and would have prohibited financial institutions from marketing to college students. The legislation was so broadly drafted that financial institutions would have been prohibited from sponsoring activities on college campuses, such as sporting events. After many meetings on this topic, the sponsor amended the bill to instead establish a task force to study credit card debt among college students.

A number of bills were filed to address post judgment collection remedies, each bill amending a different provision of the law. Individually and collectively, these measures would have significantly infringed on a financial institution's ability to collect debts. After a series of negotiations and subject matter testimony on the legislation, the bills were not advanced.

The General Assembly did pass a bipartisan budget before adjourning, and Governor Rauner committed that he will quickly approve the measure when it reaches his desk.

Illinois legislators will return to Springfield November 13th-15th and again on the 27th-29th for the fall veto session.

### **2018 State Legislative Summit a Big Success**

Thank you to all who attended ICUL's annual State Legislative Summit! This year's event was very successful, with 129 credit union attendees at the event. Credit union officials had the opportunity to discuss legislative issues impacting the industry with their elected officials. Many legislators and members of legislative staff attended our evening event to network with credit union officials. The evening event drew a crowd of 226 attendees, including 49 legislators. Thank you also to many of you who completed the evaluation, which are being reviewed as we plan the 2019 SLS.



## **CUPAC**

### **Chapter Competition & Disbursement Forms—9 more needed**

Each year, Chapter Chairmen are asked to sign and return a "Chapter Disbursements to CUPAC" form to allow CUPAC to use funds raised at chapter fundraising events for donations to legislative candidates. [The chapter competition report](#) indicates via an "x" in the Disbursement Form column which chapters have returned the form. Our goal is to have 100% returned. If your chapter has not yet returned the form, your assistance in obtaining the signed form is greatly appreciated. **If you need another copy [click here](#) or please e-mail Pat Huffman ([Pat.Huffman@icul.com](mailto:Pat.Huffman@icul.com)).**

### **CUPAC Seeking Credit Union Contributions**

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.

There are 185 state-chartered credit unions in Illinois. As of June 1, only [fifty-nine \(59\) credit unions](#) have

contributed. This equates to 31.9% of credit unions contributing their fair share, benefiting the other 68.1%. We truly appreciate all donations and hope more credit unions will recognize the importance. Please do your fair share. [Click for donor levels and additional information.](#)

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.

## POLITICAL ADVOCACY

### **Hike-the Hill, Washington, D.C. – September 12-13**

***(Registration deadline August 10, 2018)***

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 will be available soon. 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.

### **Member Activation (Education) Plan (MAP)**

ICUL in conjunction with CUNA are asking credit unions to begin educating their members on the credit union difference. To assist in this effort, CUNA has developed the [Member Activation Program \(MAP\)](#). If Illinois can tap into the resource of our 3 million members, our advocacy potential is truly unlimited!

This free program has customizable email templates available on the [MAP website](#). The [generic email template](#) is perfect for credit unions that have never gone out to their members on political issues. You can send this out to your members prior to participating in any of the MAP campaigns. The email explains the merits of MAP, reviews our cooperative model, and informs the member they will start to periodically review emails that are political in nature. Template can be customized to fit individual membership needs.

Other email template topics include: Common-Sense Regulation, Stop the Data Breaches, and Don't Tax My Credit Union. To maximize open rates, analysis suggests that the sender of the email should either be the CEO, or another individual clearly associated with the credit union.

If you have questions or require additional information please don't hesitate to contact [Keith Sias](#) or [Pat Huffman](#).

### **2019 CUNA GAC (later than usual in 2019)**

**Mark your calendar: March 10-14, 2019**

Registration and housing information for the 2019 CUNA Governmental Affairs Conference (GAC) will be distributed in the near future. Watch for detailed information. Illinois will once again have a hotel room block (hotel to be determined). If you want to stay in the Illinois group hotel, please use the booking information that will be provided to you from the League.

