

# LEGISLATIVE REPORT



September 2018

## Hot Topics

### Federal Issues

- o Pending Regulatory Relief in Approp. bill

### State Issues

- o Action on 2018 Legislation
- o ICUL developing 2019 Legislative Agenda

### CUPAC & Political Advocacy

- o Credit union donations to CUPAC requested
- o Chapter disbursement forms needed
- o 2019 CUNA GAC (March 10-14) Registration information out this month
- o Hike-the-Hill (Sept. 12-13) & CUNA YP Advocacy Training.  
Registrations still accepted
- o Member Activation Program – Stop the Data Breaches

## Federal Update



### Credit Unions Celebrate the 20th Anniversary of H.R. 1151

In early August, CUNA's President and CEO, Jim Nussle published an op-ed in the Credit Union Journal celebrating the 20th Anniversary of the enactment of H.R. 1151, the Credit Union Membership Access Act. As a Member of Congress, Jim was a proud supporter of the legislation because he understood it was necessary for credit unions to be able to continue to serve their members and their communities. The victory on H.R.1151 helped establish credit unions as a major grassroots political force and has led to future victories: including the passage of S2155! Do you remember the action steps you took to help pass H.R.1151 20 years ago?

### ICUL Advocacy efforts continue post S2155 victory

Building momentum after our victory on S2155, ICUL continues to advocate for regulatory reform

and other key measures as Congress is in session before the November elections. Here's a summary of the key federal legislative issues ICUL will focus on during Hike-the-Hill:

### **Mortgage Choice Act inclusion in FSGG bill**

News Now recently reported that CUNA joined other trade organizations asking the Senate leadership to ensure regulatory relief language remains in the conference committee version of the 2019 financial services and general government appropriations bill. CUNA [called for the bill](#) to retain the text of the Mortgage Choice Act (H.R. 1153), a bipartisan bill that has [passed the House](#) in February and is consistent with CUNA's [Campaign for Common-Sense Regulation](#).

Specifically, H.R. 1153 would make minor adjustments to the Truth in Lending Act definition of "points and fees" to ensure greater consumer choice.

The Truth in Lending Act specifies that, in order to count as a Qualified Mortgage, points and fees cannot exceed 3% of the loan amount. Under current law and rules, a "point" or "fee" can vary depending on who is making the loan and what arrangements the borrower makes for title insurance.

If the consumer chooses a provider that is affiliated with the lender, the title insurance counts as part of the 3%, but it is purchased from an unaffiliated title agency, the charges do not count.

H.R. 1153 would also remove escrowed homeowner insurance premiums from the points and fees calculation.

The language is part of the House FSGG bill, H.R. 6258, which [passed the House](#) in July. The Senate [passed](#) its FSGG bill in August without the text of H.R. 1153, but with full allocation levels to several important credit union funds.

### **NDAA Passes Senate Without Harmful Provision**

The US Senate recently voted in favor of the National Defense Authorization Act (NDAA) conference report that omits a harmful provision to military credit unions. As a result, credit unions will continue to receive exemption from costs associated for the furnishing of office space and/or land (including ATM placement) on military bases—as governed by Section 124 of the Federal Credit Union Act.

Credit unions strongly pushed for removal of Section 2808 from the NDAA which intended to treat federal or state chartered insured depository institutions equally with respect to the financial terms of leases, services and utilities. However, the definition of "insured depository institutions" excluded credit unions. As originally introduced, this bill could have been harmful to credit unions operating on military bases.

### **Update on Data Breach Legislation**

Mitigating losses from data breach remains a top credit union priority. CUNA recently sent a letter to the House Labor Subcommittee noting the multiple ways credit unions see losses due to merchant data breaches, and highlighting that due to being member-owned, these credit union losses directly impact the membership as a whole. Credit unions continue to make the point to Congress that major merchant data breaches continue to put millions of consumers at risk.



## 2018 Legislative and Regulatory Agenda

Over the past several weeks, Governor Rauner has been acting upon legislative measures passed by the General Assembly. Notably, the Governor signed legislation initiated and supported by ICUL, including HB 5497, HB 4541, and SB 2432. Each of those measures became effective upon receiving the Governor's approval. We are pleased to report that the Governor vetoed HB 4922, which would have established fee restraints on rebate cards.

Please [click](#) to review the 2018 "Top 30" Bill List Status Report, for more information on bills of particular interest. Additionally, we worked in opposition to many measures, which are identified in the "[Bills to Oppose List](#)". Outlined below is a summary of key bills impacting credit unions during the spring 2018 session.

**HB 5497** amends three sections of the Illinois Credit Union Act, as follows:

1. Updates the asset threshold at which an external independent audit of financial statements is required and enables smaller credit unions (\$5 to \$10 million in assets) to utilize a CPA agreed upon procedures analysis for better information at lower cost to address particular operational concerns, in lieu of an external audit; also gives credit unions more time to complete and deliver their external audit or agreed upon procedures reports to IDFPR (120 days).
2. Clarifies that credit unions may issue share certificates/certificates of deposit to and purchase assets of other financial institutions.
3. Establishes a new exception in the member right to financial privacy provisions of the Act to authorize a credit union, in its discretion, to furnish a member's financial records to law enforcement upon its written request, where there is a reasonable suspicion of an imminent threat to the personal security and safety of the member that necessitates an expedited release of the records.

Governor Rauner signed the bill on August 10, 2018 and it became effective that date as Public Act 100-0778.

**HB 4541** amends the Illinois Municipal Code to include credit unions in the definition of "financial institution" from whom municipalities may borrow funds. This initiative of ICUL passed both chambers unanimously and was signed by the Governor and enacted on August 14, 2018, as Public Act 100-0854.

**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 has existing authority to do this, the office has not yet established an electronic system. ICUL believes it would be beneficial for all parties to a vehicle transaction to utilize such a system for purposes of efficiency. The Resolution was adopted by the House on May 10, 2018.

**SB 2432** was a coalition effort to address the ruling in the Arch Bay Appellate Court decision 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 and is awaiting action by the Governor.

**SB 3229** was a coalition effort to address concerns raised by financial institutions as they work to implement the Revised Uniform Unclaimed Property Act. Through negotiations, the scope of the language was revised and 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 pursue passage of the legislation in the fall veto session.

**HB 4922** and **SB 3102** were identical measures initiated by the State Treasurer to prohibit dormancy and other post-issuance fees on card products. ICUL worked with the Treasurer's Office to limit the scope of the legislation, so that the language only applied to rebate cards issued by retailers. However, ICUL still conceptually opposes legislation establishing statutory fee restraints on financial institution products and met with the Governor's

legislative staff on June 28 to discuss its concerns with the bill as amended. We are pleased to report that Governor Rauner vetoed the bill on August 3, 2018.

**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 card programs 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. The bill was amendatorily vetoed by Governor Rauner on August 13, 2018 in an attempt to increase the effectiveness of the task force.

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

### **ICUL developing 2019 Legislative Agenda**

In the coming months, ICUL staff will be working with the Legislative Committee to identify legislative initiatives to be pursued during the 2019 session.



## **CUPAC**

### **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 August 28, only sixty-two (62) credit unions have contributed ([click to see if your credit union has donated](#)). This equates to 33.5% of credit unions contributing their fair share, benefiting the other 66.5%. 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.

### **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 as of 8/28/18](#) 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)).**

# POLITICAL ADVOCACY

## **2019 CUNA GAC March 10-14 (later than usual in 2019)—Registration information out this month**

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

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

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.

## **CUNA to host Young Professionals (YP) Advocacy Training Sept. 10, 24**

CUNA will conduct two training programs for young credit union professionals in September, building off the successful program CUNA hosted last year. Registration is open now for the all-day programs, scheduled for Sept. 10 and Sept. 24 at Credit Union House.

Tom Kane, ICUL President/CEO, explains the YP workshop in his [letter](#) encouraging credit union CEOs to send a young professional, *the future of the credit union movement*, to attend this workshop.

The program will include outside speakers, a panel discussion with congressional staffers and updates from CUNA and League personnel. ICUL will be participating in a panel during the September 10th session. Topics covered will include an overview of CUNA's political program, the role credit union professionals play in advocacy, hill visit preparation and networking opportunities.

Registration for the Sept. 10 session can [be found here](#), while registration for the Sept. 24 session can [be found here](#).

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

Credit unions are asked to email their membership by Mid-September to educate them about the need to STOP the DATA BREACHES and ask them to contact their member of congress. The Member Activation Program is a great resource to assist with this.

This free program has customizable email templates available on the MAP [website](#). The [generic email template](#), available from the [MAPs community](#), is perfect for credit unions that have never gone out to their members on political issues. MAP is also a member education program.

ICUL sent emails to all Illinois credit unions asking them to consider participating in MAP. A webinar was offered to educate credit unions about the upcoming campaign (Stop the Data Breaches), the two customizable templates (long or short), and the new MAPs Community for sharing of ideas. Participating credit unions are reminded to report the activity on CUNA's MAP Page - <https://www.cuna.org/MAP/>, which is how we know which credit unions are participating and how Illinois is doing compared to other states.

If Illinois can tap into the resource of our over 3 million members, our advocacy potential is truly unlimited!

To date, thirty-nine (39) Illinois credit unions have registered for MAP, and four (4) sent a communication to their members on the most recent campaign; Common-Sense Regulation.

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

