

LEGISLATIVE REPORT



December 2018/January 2019

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Federal Update



2018 Summary and 2019 Preview

As 2018 comes to a close, it is a good time to review our 2018 accomplishments and preview the 2019 agenda. CUNA and ICUL's Federal, Legislative and Regulatory agenda include four key pillars: Remove Regulatory Barriers, Expand Credit Union Powers, Enhance Payments Security and Preserve the Credit Union Tax Status. None of the victories achieved in 2018 would have been possible without the grassroots support of the entire credit union system.

Remove Regulatory Barriers

- Congress enacted significant regulatory relief legislation (S. 2155) that included several credit union priorities, including important amendments to the Dodd-Frank Act which mitigate the adverse

impact of new rules from the Bureau of Consumer Financial Protection (BCFP) related to HMDA, TILA/ RESPA and others. The legislation also included a charter enhancement provision related to credit union business lending (discussed below in powers) and a provision that requires NCUA to hold an annual budget hearing. Finally, the legislation includes a provision that protects credit union officials that report suspected elder financial abuse.

- We aggressively engaged the BCFP to urge them to fix burdensome rules and slow the pace of new rules. Because of this advocacy, the Bureau has not proposed any new proposal that adds to credit unions' regulatory burden, and its recently released rulemaking agenda reflects a much slower pace of rulemaking in the foreseeable future.
- Additionally, the BCFP to retain the Credit Union Advisory Council.
- CUNA was the only financial services trade association to file an amicus brief in support of the administration's authority to designate an interim director of the Bureau.
- CUNA stood with credit unions facing frivolous litigation related to website accessibility under the Americans with Disabilities Act. We have filed more than ten amicus briefs and we have organized several Congressional letters to the Department of Justice. We have also partnered with state credit union leagues to secure a letter from state attorneys general to the Department of Justice. Further, we are working with the National Federation of the Blind to try to bring an end to these suits.
- CUNA submitted a comprehensive White Paper as a part of the BCFP reform process.
- CUNA successfully advocated for the BCFP to quickly implement changes mandated by S. 2155.
- Credit unions received rebates from NCUA because of our advocacy.
- Successfully advocated for FASB to delay the implementation of the new CECL accounting standard.
- Advocated for NCUA to delay the implementation of the Risk-Based Capital Rule and narrow its applicability.
- Worked to dissuade the Treasury Department from proposing the expansion of the Community Reinvestment Act to include credit unions.
- Successfully lobbied National Defense Authorization Act conferees to strike a provision from H.R. 5515, the National Defense Authorization Act for fiscal year 2019, that would have put credit unions at a disadvantage when serving members on military bases.

Expand Credit Union Powers

- In 2018, the credit union system achieved final victory on its 20-year battle to restore credit union member business lending (MBL) authority. This came as a result of successfully advocating for two key policy changes: (1) modernization of and successful defense of NCUA's MBL rule to exempt from the MBL cap loan participations purchased from other credit unions and (2) enactment of legislation (S. 2155) to exempt loans made to 1-4 family nonowner occupied residences from the MBL cap. Taken together these changes achieve more cap relief than the system had been seeking as part of legislation to raise the cap.
- Continues to defend NCUA's Field of Membership Rule.
- Successfully advocated the expansion of appropriations for the Community Development Financial Institution Fund and successfully prevented Congress from enacting rescissions proposed by the administration to this program.

Enhance Payments Security

- CUNA-supported data security legislation was introduced in the House of Representatives and passed through Committee. CUNA testified before Congress on this proposal.
- CUNA continues to stand with credit unions whose members are victims of data breach to ensure the merchants responsible for the breaches are held accountable.
- Developed a model data security bill.

Preserve the Credit Union Tax Status

- CUNA successfully defended the credit union tax status as part of comprehensive tax reform enacted by Congress.

Work is underway for producing the 2019 Federal advocacy agenda. As with previous years, the Advocacy team collects feedback on advocacy priorities throughout the year from key stakeholders.

Senate Confirms Kathy Kraninger as BCFP Director

On December 6, the Senate voted to confirm Kathy Kraninger as the next director of the Bureau of Consumer Financial Protection. Kraninger replaces Acting Director Mick Mulvaney, and will serve a five-year term as director.

CUNA [wrote a letter](#) to Kraninger shortly after she was officially confirmed, highlighting key consumer protection priorities for credit unions, and offering Kraninger any necessary feedback, data and expertise that might assist her in her duties leading the bureau.

CUNA Writes to Hill Lawmakers Regarding Tax Legislation

In late November, the House Ways and Means Chairman Kevin Brady (R-TX), the House's chief tax writer, offered a "manager's amendment" to H.R. 88 that will eliminate the UBIT tax on not-for-profit transportation and athletic facilities fringe benefits and make other technical corrections to the tax reform bill passed earlier this year.

CUNA President and CEO Jim Nussle recently [wrote to Ways and Means Chairman Kevin Brady \(R-TX\), Ranking Member Richard Neal \(D-MA\), Senate Finance Committee Chairman Orrin Hatch \(R-UT\), and Ranking Member Ron Wyden \(D-OR\)](#) regarding H.R. 88, the Retirement, Savings, and Other Tax Relief Act.

A 297-page year-end tax bill, CUNA was hopeful that H.R. 88 would have contained needed corrections to the Tax Cuts and Jobs Act of 2017. However, none of CUNA's proposed corrections were included in the bill's initial draft, and it appears the bill may not move during the post-election lame duck session of Congress.

S. 3503 Would Place Credit Unions under CRA

CUNA wrote to all 100 Senators opposing a provision in S. 3503 that would apply the Community Reinvestment Act (CRA) of 1977 to credit unions in 2018. While S. 3503 has a laudable goal, its provision to extend the Community Reinvestment Act (CRA) to credit unions runs counter to the goal of increasing access to credit. Wall Street has fought for decades to saddle credit unions with the CRA, which was written exclusively to combat widespread discriminatory bank lending practices. There is zero evidence of systemic lending discrimination in the credit union industry.



Veto Session

Illinois legislators returned to Springfield for fall veto session occurring November 13-15 and November 27-29. ICUL advocated for the passage of HB 3806, which contains ICUL initiated amendments to the Revised Uniform Unclaimed Property Act. The measure passed the Senate in the final days of the spring session and awaited action by the House. Unfortunately, a fiscal impact was identified by the State Treasurer's Office that prevented the legislation from moving forward. ICUL will continue to work toward passage of this measure in the spring. Additionally, ICUL monitored measures that the Governor amendatorily vetoed, including HB 4922 which prohibits fees on rebate cards issued by financial institutions to retailers. ICUL urged legislators not to override the Governor's veto of the bill. Our efforts were successful and HB 4922 was not overridden.

2019 Legislative Session

The calendar has been released for the Illinois General Assembly's 2019 Spring Session. On Wednesday, January 9, members of the 101st General Assembly will be sworn into office. The inauguration of Governor-elect J.B. Pritzker will occur on Monday, January 14. ICUL's State Legislative Summit (SLS) will kick off with the Annual CUPAC Golf Outing on April 29th, followed by the SLS on April 30 and May 1. The House schedule may be viewed by [clicking here](#) and the Senate session schedule may be viewed by [clicking here](#).

2019 Legislative Agenda

The Legislative Committee met on September 4 to begin discussing potential 2019 legislative initiatives. Staff is in the process of drafting potential legislation for review by the Legislative Committee at its December meeting. After proposals are approved by the Committee, staff will work to get the legislation filed at the start of the new General Assembly session.

Proposed Rulemaking of Revised Uniform Unclaimed Property Act

ICUL staff has reviewed and submitted written comments on proposed rulemaking pertaining to the recently enacted Revised Uniform Unclaimed Property Act. ICUL identified a number of provisions that we are opposed to, as well as providing suggestions on areas where the rulemaking could be improved. We will continue our efforts toward ensuring that the law and pertinent rulemaking is clear for credit unions as holders of unclaimed property.

Revised Uniform Unclaimed Property Survey

ICUL has created a short survey to help in our negotiations on amendments to the Revised Uniform Unclaimed Property Act. We are interested in analyzing the amounts remitted to the state as a result of the new Act and are asking respondents to provide the total amounts remitted to the state in 2017 and 2018. If your credit union has not yet completed this survey, please do so by [clicking here](#).

Advocacy Across Borders: Hosting of Zhejiang Rural Credit Union Delegation

ICUL was honored to host the Zhejiang Rural Credit Union Delegation in the Springfield office on November 13 as part of a two week program for the group from China. It was a successful meeting that included an IL legislative and regulatory overview along with an overview of ICUL. The purpose of the program was to help the participants broaden their understanding of the application of financial technology to financial

services and develop innovative ideas that enhance competitiveness and improve customer service. The delegation consisted of thirty participants including Vice Presidents, Supervisory Board members, Economists, HR Department Managers, among others. Roughly 3/4 of the group represented rural commercial banks across Zhejiang province in China, with the last fourth representing credit unions/cooperatives. The session prompted a good dialogue with the help of the translator. The visit ended with a visit to Credit Union 1's Springfield branch where CU1 Branch manager Angela Ley did a great job addressing the group.



POLITICAL ADVOCACY

2019 CUNA GAC March 10-14 (later than usual in 2019)–Keynote: John Kerry (U.S. Secretary of State)

Registration and hotel reservations are now being accepted for the 2019 CUNA Governmental Affairs Conference (GAC) and ICUL related events. [Agenda and registration form available on ICUL website.](#)

Conference Registration Deadline: 1/31/2019

Conference Cancellation Deadline: 1/31/19 (refund, less CUNA's 25% Administration fee. No refund after 1/31)

Hotel Reservation Deadline: 1/25/19 (or until sold out. Rooms limited)

Hotel Cancellation Deadline: 12/14/18 (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 1/18/2019

Announced speakers include: John Kerry-68th U.S. Secretary of State; Malcom Gladwell-author of five New York Times bestsellers; regulators; and Members of Congress. Additional names will be provided as they are announced.

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, March 13. 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).

2019 Chapter Legislative Forum Representative (LFR) Dialogue: May 1

Chapter LFRs (those elected or appointed for 2019) are asked to plan to attend the annual LFR Dialogue session to be held Wednesday morning, May 1, 2019 in Springfield, which is the day following the State Legislative Summit. Invitations will be sent in early 2019.

2019 Springfield Legislative Summit: April 30

The ICUL Springfield Legislative Summit is scheduled for April 30, 2019. Conference registration materials will be available closer to the conference date.

Project Zip Code

There are 229 affiliated credit unions in Illinois. Ninety-one (91) have run or updated PZC since January 2017, matching 2,979,832 members. All credit unions are encouraged to [run PZC](#). Active credit unions are encouraged to [update](#) at least once a year.

CUPAC

Corporate Contributions

2019 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.

2018 Corporate Donors: Thank you to the state-chartered credit unions that donated to CUPAC's 2018 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 83 credit unions that donated to the 2018 campaign (as of 12/6/18).

2019 Credit Union and Chapter Forms Requested

Honor Roll: Enrollment forms soliciting membership for the 2019 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 March 1, to ensure recognition during the Keynote & Awards program.

Chapter Competition & Disbursements to CUPAC: Chapter Chairmen will receive a [pledge form](#) for the 2019 CUPAC Chapter Competition program. The form asks chapters to designate a dollar amount it expects to raise for 2019. 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 2019. These forms are requested each year.

The 2018 CUPAC Chapter Competition report as of 11/30/18 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](#).

