

LEGISLATIVE REPORT



April/May 2019

Hot Topics

Federal Issues

- o NCUA Board Update
- o Legislative Update

State Issues

- o Legislative Update

CUPAC & Political Advocacy

- o CUPAC Golf Outing Dates:
 - *Monday, April 29 - Auburn (South of Springfield)
 - *Tuesday, June 11 - Bloomingdale (Northeast of Naperville)
- o Cubs/Cardinals CUPAC Fundraising - Friday, May 31, 7:15 p.m. game - St. Louis
- o LFR Dialogue - RSVP requested from Chapter LFRs

Federal Update



FEDERAL ADVOCACY

NCUA Board Update:

On April 8, 2019, Rodney E. Hood (Republican) was designated Chairman of the NCUA Board by President Trump replacing former Chairman J. Mark McWatters. Mr. McWatters (Republican) remains on the NCUA board for the remainder of his term along with recent appointee Todd Harper (Democrat). Sarah D. Vega will serve as Senior Advisor to Chairman Hood and Board Member McWatters.

Legislative Update:

The US House is expected to consider the Taxpayers First Act (H.R. 1957) by the end of April, which make several changes to the Bank Secrecy Act and streamlines several functions of the Internal Revenue Service (IRS) H.R. 1957 is generally supported by credit unions.

Additionally, CUNA and ICUL continue to closely monitor the following legislative items pending before Congress:

1. Cannabis banking legislation

a. H.R. 1595-SAFE Act

The bill provides a SAFE Harbor for financial institutions to provide banking services to the cannabis industry in states where some form of cannabis has been legalized. There are currently 158 co-sponsors of H.R. 1595-including 8 from Illinois.

b. H.R. 2093/S. 1028 –STATES Act

If enacted, this legislation would clarify the federal treatment of marijuana where it is legal and permit credit unions in those states to serve members' related needs.

2. CRA threat

A version of a CRA bill in the previous Congress would have required credit union compliance with the CRA, but after numerous meetings, the version introduced in this Congress does not require credit union compliance with the CRA. The credit union industry position on CRA maintains that while credit unions are not, and should not, be subject to CRA requirements, they play a "critical role" in helping banks meet their obligations to traditionally underserved communities. Specifically, many of the loans originated by credit unions on behalf of their members fit within the criteria of CRA-eligible products due to credit unions' own statutory mission of serving people of modest means. Credit unions sell these loans to banks as part of the banks' overall efforts to satisfy their CRA mandate. This process, in turn, serves as a liquidity resource for credit unions as they then seek to continue their lending efforts in traditionally underserved communities. We will continue to monitor the CRA issue throughout this session of Congress.

3. CDFI funding

Several credit union issues were raised as House Appropriations subcommittees began hearings on federal agency budget requests for fiscal year 2020 this week.

CUNA strongly supports the Treasury's Community Development Financial Institutions (CDFI) Fund, which makes grants and other awards to certified CDFIs. As of March 31, credit unions are 289 of the 1,074 certified CDFIs nationwide. ICUL has been in contact with Congressman Quigley (chair of the FSGG Appropriations subcommittee) about the importance of maintaining CDFI funding.

4. ADA litigation/DOJ rulemaking

CUNA raised the issue of ADA website litigation and DOJ rulemaking during that agency's appropriations hearing as well. It is essential for the DOJ to clarify whether Web Content Accessibility Guidelines (WCAG) 2.0 is the appropriate compliance standard, as some courts have held, and if entities must also adjust to any subsequent amendments made to WCAG. Additionally, credit unions need clarity about whether websites are in fact considered public accommodations since there has been conflicting case law on this issue.

RAP Index Survey

CUNA recently sent a survey request to gauge where credit unions have strong relationships with lawmakers at the federal and state level, which is a critical component to our advocacy efforts. Please assist with this effort by completing this survey following the [survey link](#) (this will take you to CUNA's RAP Index survey tool, which helps CUNA/ICUL identify credit union officials that have key relationships/contacts with members of federal and state officials and/or their staffs). Thank you for continuing to be a credit union advocate and champion.

Tax Battle Heats Up in Iowa

The Iowa Bankers are, once again, pushing for taxation of Iowa's credit unions. Please let ICUL Governmental Affairs department know if you receive any questions from Illinois legislators about the taxation issue and/or if you become aware of the Iowa banker ads playing in your area.



STATE ADVOCACY

Legislative Update:

The Illinois House and Senate have been in session in recent weeks, acting upon legislation filed in the 101st General Assembly. Friday, April 12, was the third reading deadline for bills to be acted upon in their chamber of origin.

ICUL is focused on the passage of three primary initiatives, including:

SB 1813, ICUL's proposed amendments to the Credit Union Act, which has passed out of the Senate Financial Institutions committee unanimously. The legislation proposes several changes to the Act, including:

- Section 10.2 (new) Provides that electronic distribution of information satisfies any statutory mailing or disclosure requirement.
- Section 15: Adds to existing illustrative list of reasons for which a Board may expel a member and permits the board to delegate expulsion authority to senior management officials.
- Section 23: To continue to attract competent leadership at the Board level, permits director remuneration as determined by board policy.
- Section 44: Clarifies that in turning over to the State Treasurer member share accounts that are presumed abandoned, the credit union may retain the minimum share amount required to preserve the member's status as a member, and the minimum share amount would be deducted as a dormancy charge or escheat fee from the amount remitted to the Treasurer.
- Section 51 and 59: To enable credit unions to more fully support their CUSO's, respectively increases a credit union's aggregate CUSO loan and investment authority from 3% to 10% of the credit union's paid in and unimpaired capital and surplus.

The legislation passed the Senate on April 10 and will move to the House for consideration.

HB 2856 Vehicle Code amendments that mandate Secretary of State implementation of an Electronic Lien and Title system no later than July 1, 2021. ICUL staff has been in discussions with the Secretary of State's Office and other interested parties to finalize the language of this proposal and an amendment was filed on April 9, 2019 to reflect an agreement between parties. The measure passed the House unanimously on April 11.

HB 2461 Refiling of Revised Uniform Unclaimed Property Act (RUUPA) language agreed upon with the State Treasurer last session. A number of bills have been filed to amend the Revised Uniform Unclaimed Property Act. ICUL will encourage sponsors of the legislation to proceed with the language agreed to by the State Treasurer's Office in 2018, which was originally contained in HB 2677. ICUL continues to advocate for the passage of these changes and is working on an amendment to address fiscal impact concerns.

ICUL also supports legislation providing a state safe harbor provision for financial institutions offering banking services to cannabis businesses. While this issue needs to be addressed on the federal level, it is beneficial to have the topic acknowledged on the state level as well. SB 2023 passed the Senate unanimously and is in the House for consideration.

ICUL also supported SB 1332, which was passed unanimously by the Senate. The legislation creates the Illinois Bank On Initiative to increase the use of certified financial products and to reduce reliance on alternative financial products. The legislation was amended to ensure that credit unions were included. As a result of this legislation, a commission would be established to further study ways to encourage consumer use of certified financial products.

Additionally, ICUL has been working in opposition to several pieces of legislation, and we have been negotiating amendments with interested parties.

ICUL has been working on a draft amendment to proposed changes to statutes affecting post judgment collection remedies. Initially, HB 281 was filed this spring which would have significantly impacted a creditor's ability to collect judgments. ICUL has participated in meetings with the proponents of the legislation and offered suggested edits to mitigate any negative impact on a credit union's ability to collect judgments. As a result of the negotiations, an amendment was filed to HB 88 which limited the scope of the proposal to reduce the post judgment interest rate and the revival period for consumer debt judgments.

We have been actively discussing SB 222/HB 2156 with legislators. The identical measures have been cross-filed in the House and Senate to prohibit dormancy and other post issuance fees on rebate cards. ICUL opposes this legislation as it would establish a precedent for fee limitations on financial institution products. ICUL proposed an amendment to SB 222, to ensure that the fee prohibition does not impact swipe fees or transaction fees that are not paid by the consumer.

ICUL opposes an amendment to SB 661 which amends the Consumer Fraud and Deceptive Business Practices Act to address disclosure of early withdrawal fees on certificates of deposit. The amendment requires depositors to sign or initial provisions of the disclosure concerning early withdrawal penalties. ICUL opposes this legislation because these disclosure requirements are sufficiently addressed in federal law.

A subject matter hearing was held in the House Cybersecurity Committee on HB 2829, which requires financial institutions to maintain a cybersecurity program to protect the confidentiality of their information systems, requires the implementation and maintenance of written policies to protect

information systems, and contains provisions for testing, risk assessment, audit trails, and third-party service provider policies. No vote was taken on the measure, but proponents were able provide testimony on why they believe the bill is necessary. ICUL and other financial institution trade groups oppose the measure and have been discussing our concerns with legislators on the committee.



CUPAC

Two CUPAC Golf Outings Scheduled

- **Springfield area**

Monday, April 29, 2019
Edgewood Golf Club, Auburn
23 miles south of Springfield
(the afternoon before the State Legislative Summit)

Registration & Lunch: 11:00-11:45am
Shotgun Start: Noon
Dinner: 5:00pm Approximately
(dinner upon completion of golf)

Cost: \$115 Lunch/Golf/Dinner
\$25 Dinner only

Register online: [Springfield golf information](#)

- **Naperville area-Don Edwards Memorial Golf Outing**

Tuesday, June 11, 2019
Bloomingdale Golf Club, Bloomingdale
22 miles Northeast of League Office

Registration 8:45 am - 9:45am
Shotgun Start: 10 am
Dinner: 3:00pm Approximately
(dinner upon completion of golf)

Cost: \$180 Lunch/Golf/Dinner
\$125 Lunch & golf
\$ 65 Dinner only

Registration information will be available in the near future on the ICUL website:
<https://www.icul.com/advocacy/cupac/events/>

Cardinals vs Cubs – Busch Stadium Suite – Friday, May 31, 7:15 pm game

The Burnett Chapter of Credit Unions has arranged an exclusive fundraising event for CUPAC in a luxury suite at Busch Stadium in St. Louis. The St. Louis Cardinals will play the Chicago Cubs.

How special would this be for an early Father's Day gift?

A limited number of tickets are available. Ticket price of \$250.00 includes admission into the game, an air-

conditioned suite with outside seating also available, 2 hour all you can eat buffet of hot dogs, brats, nachos, and more as well as Coca-Cola products, Budweiser and Bud Light. **This event sells out every year.** To reserve your tickets, please contact: Alan.meyer@1stMidAmerica.org

Chapter Competition & Disbursement Forms

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. 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).

Congratulations to 2019 Honor Roll Members

Honor Roll credit unions and chapters were recognized during the Celebration Luncheon of the ICUL Annual Convention. Congratulations and thanks are extended to the credit unions and chapters listed below that have earned Honor Roll status:

2019 Honor Roll Credit Unions (as of 4/4/2019)

1st MidAmerica CU
2 Rivers Area CU
CEFCU
CommonWealth CU
Community Trust CU
Consumers Cooperative CU
Cooperative Choice Network Credit Union
Corporate America Family CU
Decatur Earthmover CU
DuPage CU
Earthmover CU
Financial Plus CU
Land of Lincoln CU
LinXus CU
Midwest Members FCU
NuMark CU
Riverside Community CU
Scott CU
Select ECU
Staley CU
University of Illinois Community CU

Honor Roll Chapters (as of 4/4/2019)

George G. Burnett
Central Illinois
Danville
Egyptian
Fox Valley
Greater Chicagoland
Kankakee Valley
John L. Kelly

POLITICAL ADVOCACY

Advocacy Video

The 2019 CUNA/ICUL video of 2018 Advocacy Accomplishments was unveiled at ICUL's convention earlier this month. It is now posted on-line. Please [click here](#) to view the video.

Project Zip Code (PZC) – 93 credit unions active – update now before SLS

As of January 1, 2017 just ninety-three (93) of Illinois' 225 credit unions are actively participating in PZC. Updating or running before the April 30 State Legislative Summit (SLS) would be beneficial. All credit unions are asked to participate in this no-cost advocacy tool. Current participating credit unions are reminded to update or run PZC at least yearly using the easy-to-use release version 19 that is available on the PZC website [Install Project Zip Code](#). PZC [quick reference instructions](#) are available.

For details on what information is reported, compliance with Gramm Leach Bliley (the only information uploaded to the website is the membership totals per legislative district and county) and to see if your credit union has run or updated recently, visit the [Project Zip Code](#) website.

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

Chapter LFRs (those elected or appointed for 2019) are asked to attend the annual LFR Dialogue session to be held 8:00 am – 10:00 am Wednesday morning, May 1, 2019 in Springfield. Invitations & registration details have been sent to Chapter LFRs.

2019 Springfield Legislative Summit: April 30

The ICUL Springfield Legislative Summit is scheduled for April 30, 2019. Conference registrations are still being accepted. Register [online](#).

UPCOMING EVENTS

- April 29, 2019: CUPAC Spring Golf Outing-Auburn (South of Springfield), IL
- April 30, 2019: ICUL State Legislative Day-Springfield, IL
- June 11, 2019: CUPAC Summer Golf Outing-Bloomington, IL
- Sept. 25-26, 2019: Hike-the-Hill-Washington, D.C



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) 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:

Keith Sias, ICUL Senior Vice President, Governmental Affairs
Keith.Sias@icul.com or 217-744-1801

Ashley Sharp, ICUL Vice President, State Advocacy & Legislative Counsel
Ashley.Sharp@icul.com or 217-744-1803

Pat Huffman, ICUL Political Action Director
Pat.Huffman@icul.com or (800) 942-7124

