

# LEGISLATIVE REPORT



June 2019

## Hot Topics

### Federal Issues

- o Pending Key Issues
  - Update on Cannabis Banking
  - Robocalls: FCC Call-Blocking Rule Includes Relief for Legitimate Callers
  - Delaying CECL
- o NCUA Distributed \$160.1 Million Dividend Payments

### State Issues

- o Legislative Update (Top 30 Bills)
- o SB 1813 - Illinois Credit Union Act

### CUPAC & Political Advocacy

- o Chapter disbursement forms requested
- o Credit union donation to CUPAC requested
- o Hike-the-Hill (Sept. 25 -26). Registration Deadline: August 23, 2019
- o Mark your calendar: 2020 CUNA GAC February 23-27



## FEDERAL ADVOCACY

### Pending Key Issues

It's been a year since S.2155 was signed into law. We continue to stay focused working to enact meaningful legislative and regulatory relief for credit unions. Here's a list of a few key issues pending in DC:

## Update on Cannabis Banking Legislation

As you may know, the Illinois General Assembly enacted legislation authorizing recreational cannabis which the Governor is expected to sign into law. Illinois will become the 11th state with legalized adult-use cannabis and the passage of this legislation in Illinois (and other states) underscores the need to enact legislation that allows financial institutions to engage providing banking services to the cannabis industry. To this end, leadership from CUNA, the American Association of Credit Union Leagues (AACUL) and state credit union associations (including ICUL) [across the country wrote to Senate Banking Committee leadership](#) June 5 to encourage hearings and to discuss safe banking options for legal cannabis-based businesses.

Credit unions support the Secure And Fair Enforcement (SAFE) Banking Act of 2019 (HR 1595) There are over 200 co-sponsors of HR 1595 (including 10 members of the Illinois Congressional delegation) and a vote on HR 1595 could occur before the July 4th recess.

We also support the banking related provisions in the Strengthening the Tenth Amendment Through Entrusting States (STATES) Act (S. 1028) and would generally support other similar measures that this committee may move forward with that would remedy the specific banking issues outlined in the letter. A timetable for Senate action is uncertain at this time.

While CUNA, AACUL and ICUL take no position on the legalization or decriminalization of cannabis, the organizations fully support allowing credit unions to serve those businesses in states where it is legal.

## Robocalls: FCC Call-Blocking Rule Includes Relief for Legitimate Callers

The Federal Communications Commission (FCC) voted this week to approve its default call-blocking order, which includes a credit union-supported mechanism for challenging erroneous call blocking. Our concern is that the FCC ruling could lead to credit unions being unable to reach members with important information with members unaware the calls have been blocked.

The FCC unveiled the proposal several weeks ago, with a shorter-than-usual comment deadline and another week before the FCC voted. This led CUNA to launch an action alert to call for comments by the May 30 comment deadline.

The ruling approved by the FCC includes modification that provides for a safety valve that gives callers a mechanism to file complaints with voice carriers over erroneously blocked calls. While this isn't a complete victory, it is a major step in the right direction, and it comes as direct result of our efforts.

More than 1,000 credit union advocates contacted the FCC with letters describing concerns and urging changes to the proposal so that credit unions can continue to communicate and provide members with critical information. Many thanks to our Illinois credit unions that responded to the alert. Your efforts helped make a difference!

## Delaying CECL

Credit unions Support S. 1564 the Continued Encouragement for Consumer Lending Act, which would delay implementation of CECL by one year, and urged a study of CECL's potential impact. ICUL staff discussed our concerns about CECL during visits with members of Congress this week in DC.

## NCUA Distributes \$160.1 Million Dividend Payments

The National Credit Union Share Insurance Fund (NCUSIF) began distributing dividends in late May. Credit unions have long advocated for appropriate dividend payments, and we applaud NCUA for taking this step.

## STATE ADVOCACY

### State Legislative Update

The Illinois House and Senate were scheduled to adjourn on Friday, May 31; however, both chambers extended session through the first weekend of June due to the large number of bills to be acted upon. Over 6,000 bills were filed this spring in the Illinois General Assembly. ICUL successfully advanced legislation favorable to our industry and was instrumental in amending or defeating proposals that would have been harmful to credit union operations. Please refer to the list and description of the [Top 30 Bills](#) that the League tracked during 2019 Spring Session of the 101st General Assembly.

In the final days of session, legislators considered, and ultimately passed, several notable proposals including: a bipartisan balanced budget; approval of a constitutional amendment proposing a progressive income tax to be placed on the November 2020 general election ballot; a \$45 billion, multi-year capital plan; legalization of adult-use cannabis; legalization of sports betting and expansion of casino facilities; and approval of the Reproductive Health Act. Legislation approved by both chambers of the General Assembly will now be sent to the Governor for his consideration. ICUL will be issuing letters to the Governor on legislation of significance to credit unions.

### ICUL Priority Legislation

ICUL's initiated updates to the Illinois Credit Union Act, contained in SB 1813, were amended in the House at the request of the Speaker's Office. [The amendment](#) does three things:

1. Retains the 3% limit for CUSO loan authority (we had proposed an increase to 10%).
2. Retains the 3% limit for CUSO investment authority (we had also proposed a change to 10%).
3. Adds a sentence requiring IDFPR rulemaking with regard to director compensation; the Department must promulgate rules to establish maximum rates of reasonable compensation that are generally applicable for credit unions, taking into account multiple factors including credit union asset size.

The legislation contains several updates to the Act, including:

- Section 10.2 (new) 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 assist in procuring competent leadership at the Board level, authorizes director remuneration
- Section 44: Clarifies that in turning over to the State Treasurer member share accounts that are presumed abandoned, the credit union may deduct a dormancy fee and classify and

record all or a portion of the deduction as the minimum share amount required to preserve the member's status as a member

- Section 57.1: Clarifies that credit unions may provide correspondent services to other entities in addition to credit unions
- Section 63: Amends the existing credit union merger requirement regarding advance notice of the merging credit union membership meeting to correspond to recently amended membership meeting advance notice requirements for federal credit unions; requires at least 45 calendar days but no more than 90 calendar days prior written notice to the membership of a merging credit union regarding its right to vote on the proposed merger

SB 1813, as amended, passed the House on May 30, on a vote of 88-27. [The House voting record may be viewed here.](#) The concurrence motion came before the Senate in the final hours of session on May 31 and was approved unanimously. The legislation now heads to the Governor for approval.

On May 30, HB 2856 passed the Senate on a vote of 69-0, after also passing the House unanimously. The legislation mandates the implementation of a statewide Electronic Lien and Title system by July 1, 2021. While the state has had the authority to implement an electronic system for about 20 years, it has not yet been done and this legislation ensures that the electronic system will be complete by a date certain.

ICUL and other financial institution trade groups engaged in several conversations in efforts to advance our amendments to the Revised Uniform Property Act (RUUPA) this spring. Despite our attempts to negotiate in good faith, no legislation was advanced due to the perceived fiscal impact identified by the Speaker's Office.

Unfortunately, despite our opposition, SB 1624 did pass the House last week on a vote of 79-32-1. SB 1624 amends the Illinois Personal Information Protection Act to add a new Attorney General (AG) reporting requirement for data collectors that are required to notify more than 500 Illinois residents of a data breach. Our opposition was focused on the fact that while financial institutions will be required to submit reports, merchants as "data users" are exempt from reporting to the AG. The measure will be sent to the Governor for his approval. ICUL will send a letter of opposition to the Governor.

Lastly, we had an unexpected amendment filed on May 28 to SB 1321 that essentially proposed to unwind provisions in the Illinois Credit Union and Banking Acts that provided authorization for the release of financial records to determine Medicaid eligibility. We worked diligently to negotiate language on this topic last year, and this year's last minute proposal was very problematic with regard to the release of member financial records which included a prohibition on assessing fees relating to the search and reproduction of the financial records. The measure was contained in a very large Medicaid bill that was set for passage. On very short notice, we secured a meeting with Leader Greg Harris, House staff, and the Director of DHS and were able to pull the Credit Union Act and Banking Act provisions from the bill which then removed our opposition.

We are pleased to report that no fund sweeps were proposed that would have shifted revenue from the Credit Union Fund to the General Revenue Fund. However, the budget implementation bill did contain an extension of the sunset date for foreclosure filing fees, which we have previously opposed in stand-alone legislation.

### **Fall Veto Session Dates**

Both chambers of the General Assembly will return to Springfield on October 28-30 and November 12-14 for the fall veto session.

## CUPAC

### Chapter Competition & Disbursement Forms-4 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. 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).

### 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 177 state-chartered credit unions in Illinois. As of June 1, [sixty-six \(66\) credit unions have contributed](#). This equates to 37.3% of credit unions contributing their fair share, benefiting the other 62.7%. 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

### Project Zip Code

- Ninety-three (93) Illinois credit unions are "active"
- 3,046,963 members matched (93.7% of Illinois credit union's membership).
- Credit unions will be contacted this summer to request update.

### Hike-the-Hill

Illinois' Washington D.C. Hike-the-Hill is scheduled for Sept. 25-26, 2019. Registration information will be available in the near future



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