

LEGISLATIVE REPORT



June 2020

Hot Topics

Federal Issues

- o Overview of Stimulus Bills

State Issues

- o 2020 Legislative and Regulatory Agenda
- o End of Spring Session State Legislative Update
- o Other Bills We Introduced and Support
- o Adjournment/Fall Veto Session

CUPAC & Political Advocacy

- o Project Zip Code (PZC)
- o Hike-the-Hill tentatively scheduled - Sept. 30-Oct. 1, 2020
- o ICUL coordinates with CUNA to develop Banker Attack Defense (BAD) Resources
- o CU Café – Advocacy Update
- o 2020 CUPAC Corporate Donations Requested
- o CUPAC Golf Outing Rescheduled to Tuesday, August 25
- Bloomington (Northeast of Naperville)

Federal Update



Federal Legislative Update:

ICUL and CUNA have maintained contact with our federal and state legislative and regulatory officials throughout the crisis.

Message points to Congress:

1. Credit unions' top priority is keeping their employees, volunteers, and members safe and healthy while remaining in the position to serve their members during and after the crisis.

2. Credit unions are really financial first responders. Relief measures to support small businesses and consumers should include credit unions.
3. Credit unions are safe and sound and deposits are insured.

Our "Ask" of policymakers:

1. Credit unions must be included as part of any solution.
2. Parity with banks in relief measures.
3. Keep harmful measures from passing.

Stimulus Bills

1. CARES Act-Here are the key credit union specific provisions in the stimulus 3 package:
 - Making credit unions eligible to participate in the paycheck protection program (PPP), which would allow for 100% federally guaranteed loans to small businesses that maintain their payroll;
 - Reestablishing the Transaction Account Guarantee Program, in which the government guarantees certain noninterest-bearing transaction accounts;
 - Including credit unions in troubled debt restructuring, allowing credit unions to further modify existing loans;
 - Expanding NCUA's Central Liquidity Facility, which serves as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls; and
 - Including credit unions in a current expected credit loss (CECL) delay for those entities currently required to comply with CECL.
2. Phase 3.5 stimulus package-Here are the credit union provisions of interest:
 - The bill includes increased funding for SBA programs as well as increased funds for hospitals and testing.
 - Regarding PPP, the increased funding includes a \$60 billion set aside for "community lenders" including credit unions:
 - \$30B for institutions below \$10B in assets
 - \$30B for institutions \$10B-50B in assets
 - ASI credit unions allowed to participate as PPP lenders
3. Credit Union Specific Issues in HEROES ACT (passed US House. Passage in Senate unlikely):
The "Good":
 - \$1 billion increase in CDFI funding

- Favorable PPP changes
- SAFE Act cannabis banking provisions

The “Bad”:

- Proposed debt collection and other “reforms” which could have a potential negative impact upon credit unions

The “Missing”:

- Changes to MBL cap during COVID crisis
- CLF changes
- Temporary PCA changes

The HEROES Act will not likely be called for a vote in the US Senate and negotiations are ongoing regarding the provisions of future stimulus bills.

4. PPP Flexibility Act (HR 7010) Passed US House and Senate. Provisions of HR 7010 include:

- Allow forgiveness for expenses beyond the eight-week covered period up to 24 weeks or December 31, 2020;
- Reduces the funds required to be used for payroll expenses from 75% to 60% of the loan proceeds; and
- Makes several other changes

The President is expected to sign this legislation into law. Watch for guidelines to be issued by SBA once HR 7010 becomes law.

Advocacy will continue to focus on Illinois Members serving on Key Committees

While no member of the Illinois Congressional delegation is a Committee chair, several members serve on committees of jurisdiction regarding the COVID-19 response bills including:

- House Financial Services: Foster, Casten, Garcia
- House Ways and Means: D. Davis, Schneider, LaHood
- House Appropriations: Quigley, Bustos
- House Small Business Administration: Schneider

These Committees have jurisdiction over much of the COVID related legislation impacting credit unions. As the legislative process evolves regarding future stimulus bills, ICUL will continue our outreach efforts to those members and their staffs serving on these key committees.

Please contact [Keith Sias](#) or [Pat Huffman](#) for more information on Federal legislative issues.

End of Spring Session State Legislative Update

The General Assembly adjourned the Spring session at 1:30 am on Sunday, May 24, 2020 after convening for a special four-day session. The focus of the special session was on the State's budget and COVID related items. Per usual practice, the budget bills were the last items acted upon. Here's a quick summary of items impacting credit unions that we were watching during these final session days:

1. **HB 5574/SB 3066-Mortgage Foreclosure/Housing Legislation**

HB 5574 was an initiative of the housing advocates that would have imposed troubling requirements upon mortgage lenders including:

- cancellation of mortgage principal and interest payments during a 180-day moratorium period;
- mortgage foreclosure moratorium and forbearance standards inconsistent or redundant with existing federal law; and
- mandatory loss mitigation options, including forgiveness of forborne PITI payments.

ICUL and its financial industry coalition lobbied strenuously against HB 5574. Our efforts, including an Action Alert sent to credit unions and key legislative leaders, helped in HB 5574 not being called for a vote. HB 5574 is now dead until at least the Veto session in November! *Many thanks to everyone that responded to the Action Alert!*

In response to our efforts that defeated HB 5574, the housing advocates added selected portions of HB5574 to SB 3066. The amendment to SB3066 removed all of the objectionable language impacting secured lenders that had been included in HB 5574 (mortgage debt cancellation, forbearance program requirements inconsistent with federal standards and loss mitigation including forgiveness of PITI). As amended, the measure focused on a tenant eviction moratorium and the establishment of an IHDA residential relief fund. It imposed no duties on lenders. The realtors and other groups remained opposed to SB 3066 and, ultimately, SB3066 was not called for a vote before adjournment and is also on hold until at least the Veto session in November.

The legislature did address the issue of foreclosures/evictions by including increased funding for rent/mortgage payment assistance in the budget bill. The funding (\$400 million) will be allocated as part of the federal CARES Act funding that Illinois expects to receive. The program will be administered by the Illinois Housing Development Authority. We will provide further updates as more details become available, but it is possible that credit union members unable to make their mortgage payments may be able to access this program.

2. **SB 2135 – Illinois Electronic Commerce Security Act (Remote Online Notarization)**

SB 2135 amends the Illinois Electronic Commerce Security Act to give statutory approval to the notary and witness guidelines provided in Governor JB Pritzker’s Executive Order 2020-14, issued March 26, 2020. The Executive Order, together with Secretary of State Guidance, temporarily allows Illinois notaries public to perform remote online notarizations during the COVID-19 pandemic. Notaries may use real-time electronic technologies featuring high quality audio and video communication, to perform those notarizations. The legislation tracks the standards set forth in the Executive Order and Secretary of State guidance and continues in effect until 30 days after the expiration of the Governor’s emergency declaration regarding COVID-19. It passed both Houses on May 23 and will be sent to the Governor for his approval.

3. **HB 4887/SB 3346 – Illinois Credit Union Act (ICUA)**

HB 4887/SB 3346 was the League’s 2020 initiative amending the ICUA. Among other provisions, it codified the agreement with IDFPR to establish a moratorium on the issuance of regulatory fee credits and assessment of regulatory fee escalations for fiscal years ending June 30, 2020 and June 30, 2021. In light of the brevity of the special session, no final action was taken on HB 4887/SB3346. However, even without legislation, the Department has confirmed it will adhere to the moratorium, while we continue to discuss its regulatory fee methodology in the coming months. We have spoken with the legislative sponsors of the ICUA language and are hopeful that the language will be acted upon in the Fall Veto session. Other provisions in the League’s 2020 initiative amending the ICUA will carry over to the session of the General Assembly commencing in January, 2021.

Other Bills We Introduced and Support-No action taken due to the limited legislative session.

- ***Amendments to the Revised Uniform Unclaimed Property Act (HB 4813)*** to bring relief to credit unions as holders of unclaimed property;
- ***Amendment to the Illinois Conveyances Act (SB 3417)*** to provide that electronic documents may be utilized with the same force and effect under the Act as traditional paper documents. This change will allow counties to accept electronically executed mortgages;
- ***Amendment to the Personal Information Protection Act (SB 3896)*** to require data users, such as merchants, to submit data breach reports to the Attorney General; and
- ***Amendment to the Illinois Use Tax Act (SB 2481)*** ICUL will continue to support efforts by the Illinois Automobile Dealers Association to repeal the \$10,000 cap on trade-in sales tax credit in a vehicle sales transaction.

Adjournment/Fall Veto Session

The General Assembly is now adjourned until November 17, 2020, for the Fall Veto session. The Veto session is scheduled for November 17 through November 19, 2020 and December 1 through December 3, 2020. Please go to the [Top 30 Bill List](#) to check on the status of bills of interest to credit unions.

Political Advocacy

Project Zip Code (PZC)

- Ninety-one (91) Illinois credit unions are “active” (ran/updated in 2018, 2019,2020)
 - 34 in 2018; 38 in 2019; 19 in 2020
- 3,013,168 members matched (90% of Illinois credit union’s membership)
- Credit unions are reminded to update or run [PZC](#).

Hike-the-Hill tentatively scheduled

Illinois’ Washington D.C. Hike-the-Hill is tentatively scheduled for Sept. 30-Oct. 1, 2020. Staff is the process of researching in-person and virtual options. Additional information will be available in the near future.

ICUL coordinates with CUNA to develop Banker Attack Defense (BAD) Resources

As a follow up to the ICUL Board approval of \$125,000 last year to develop resources to implement a “Banker Attack Defense” (BAD) plan, ICUL staff has been working closely with CUNA to implement BAD. Specifically, ICUL launched the [Better For Illinois](#) website on April 21st. We have been featuring the website in our Capitol Fax advertising and communications to members of the General Assembly as well as credit unions. Several videos have been uploaded to the site and our efforts continue to add more video content. We are collaborating with CUNA to produce video content for the upcoming CU Café that will feature the [Better For Illinois](#) site as part of our advocacy training for conference attendees.

Advocacy Highlights for CU Café

CU Café takes place, virtually, starting on June 19. The three pillars of CU Café are **Community**, **Advocacy** and **Financial Education**. Below you will see highlights of the **ADVOCACY** portion of the program. Sessions will be recorded, so [register now](#) and watch these and the rest of the program at your leisure June 19 or after.

Topics to be covered in the Advocacy section:

- Ideas on getting your members engaged in credit union advocacy, while strengthening and growing their loyalty.
- Importance of advocacy for credit unions. Learn how to become an active advocate for credit unions
- Preview of the newly launched [“Better for Illinois” website](#).
- CUPAC Chapter Competition Winners

CUPAC

Corporate Donation Campaign

State-chartered credit unions (federal credit unions are prohibited by law) are asked to contribute to CUPAC's annual corporate fundraising campaign. In these uncertain times, CUPAC continues to provide support to help elect and re-elect legislators sympathetic to our cause.

There are 171 state-chartered credit unions in Illinois. [As of June 1, seventy \(70\) credit unions have contributed.](#) This equates to 41% of credit unions contributing their fair share, benefiting the other 59%. We truly appreciate all donations and hope credit unions will maintain support and continue to recognize the importance of donating to CUPAC. [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.

Golf Outing Rescheduled to Tuesday, August 25

The Don Edwards Memorial Summer Golf Outing previously scheduled for Tuesday, June 9 has been rescheduled to Tuesday, August 25, 2020. Watch for registration information.

Bloomington Golf Club (22 miles Northeast of League Office)

181 Glen Ellyn Rd (at Lake St), Bloomington, IL

Registration information will be available on the [ICUL website](#).

For further information about items in this LFR Report, please contact ICUL's Governmental Affairs Staff:

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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.

