



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 2/1/18

2018 Legislative Session Begins

Both the House and Senate returned to Springfield this week to kickoff the 2018 session. The main focus of the week was the Governor's State of the State Address on Wednesday. Both chambers are scheduled to return for scheduled session days next week.

Thousands of new bills are being filed in both the House and Senate for consideration during this session. The CBAI governmental relations team is reviewing every single legislative proposal to assess what impact they might have on community banks and what action should be taken. A few key bills are highlighted below.

The deadline to introduce new legislative proposals is February 16.

Governor Rauner Gives State of the State Address

Governor Bruce Rauner presented his State of the State Address to the General Assembly. He began with pointing out Illinois' history and the 2018 bicentennial anniversary of statehood. He called on legislators to focus on places where legislators can agree and a joint effort to restore public trust. Rauner explained a new executive order dealing with sexual misconduct reporting among administrative employees. He moved on to another new executive order that prevents legislators from practicing law before the state property tax appeal board, a condemnation of Speaker Michael Madigan whose law firm is involved with property tax appeals. Rauner asked legislators to support a ballot referendum on term limits. Pointing to his successes, the governor noted that the administration has put 120,000 people to work and kept businesses in Illinois. He lauded the Future Energy Jobs Act and the Illinois Innovation Network and Discovery Partners Institute, in addition to cutting red tape, cutting fees for small businesses, enacting a new EDGE tax credit program, and creating Intersect Illinois to focus on business development. Funding for K-12 schools has increased \$1.2 billion under the Rauner administration. He also pointed to criminal justice reforms, reducing the state's prison population by 15 percent and instituting a new women's division in the Department of Corrections. The administration started a 24/7 helpline to fight the opioid epidemic and required prescribers to register on the Prescription Monitoring Program. The Healthcare Fraud Elimination Task Force has found \$450 million in Medicaid fraud. He concluded by outlining his priorities: halting higher taxes, stop spending money the state doesn't have, getting state pensions under control, and giving power to the people. He said he will submit a balanced budget in February with reduced spending with

the goal of building the state's economy through job growth. Democrats cheered at his announcement of presenting a balanced budget, as they claim he has not done so yet in his tenure. He joked that he hopes the General Assembly will not "ignore" his budget again.

Governor Rauner will present his 2018 budget proposal to a joint session on Wednesday February 14.

Comptroller Issues Report on State's Bill Backlog

Comptroller Susana Mendoza released a report of the State's bill backlog at the end of 2017. According to the Comptroller her office had \$6.7 billion in unpaid obligations at the end of the calendar year. A recently passed law now requires state agencies to report unpaid bills that have not been turned over to the comptroller for payment. That showed an additional \$2.4 billion in unpaid bills. In total the State's bill backlog was over \$9.2 billion dollars.

The report also highlighted over \$1 billion in late payment penalties accrued by the state. Illinois' Prompt Payment Act requires interest payments of up to 12% to be added to overdue bills depending on how long they have been outstanding.

At its height in 2017 the State's bill backlog was at a record high over \$16.7 billion. As part of last year's budget deal, the General Assembly approved bonding out \$6 billion of that debt primarily using the money to pay past due Medicaid payments.

This is in addition to \$130 billion in unpaid pension obligations owed by the state.

Illinois Revised Uniform Unclaimed Property Act (RUUPA)

Last year, the state's unclaimed property statute was substantially revised as part of the revenue package to support the budget. The new law became the Illinois Revised Uniform Unclaimed Property Act (RUUPA). Since the unclaimed property revisions were part of the revenue bill and passed quickly at the end of session, the changes were not thoroughly vetted.

CBAI had several major concerns with the provisions as passed and worked with a financial services coalition consisting of the Illinois Bankers Association, the Illinois Credit Union League, and the Illinois League of Financial Institutions. The coalition addressed these concerns with the Treasurer's Office last fall during veto session and were able to negotiate some changes to the new Act in [SB 686](#). However, major concerns still remain.

These concerns include permitting the state to conduct unclaimed property examinations without a visitation standard and allowing third parties to conduct unclaimed property exams of financial institutions on a contingency basis. Other concerns include the elimination of the statutes of limitations for unreported property, shortening the abandonment period for most bank deposits, requiring retroactive reporting of previously exempt property and confiscating consumers' and businesses' interest earnings.

CBAI will continue to push for modifications to this new law this session.

Legislators Hold Joint Hearing on Legalizing Marijuana

A joint House and Senate Committee on Legal Cannabis and the Health Care System met to discuss legislation that would tax and regulate the adult recreational use of marijuana ([SB 316](#), [HB 2353](#)). Senate sponsor Heather Steans (D-Chicago) stated, “We have the opportunity to be leaders within the Midwest and thoughtfully craft a regulatory framework that includes lessons learned from states that have gone before us.” Cook County Board President, Toni Preckwinkle, spoke in support of legalizing recreational marijuana use for adults. She believes legalization addresses the criminal justice system, racial disparities in prosecution, and costs for the county’s legal fees. Several opponents spoke against legalizing recreational use of marijuana, who believe the drug is extremely addictive. They also doubt that legalization will decrease crime.

CBAI has not taken a position to support or oppose recreational marijuana. We are engaged in the issue to protect the interests of community banks. We are advocating for provisions protecting banks who do business with legal marijuana businesses. Additionally, we want to ensure that employers retain the right to implement drug policies at their discretion.

Pay Equity Bill Advances in House Committee

The House Economic Opportunity Committee approved legislation along partisan lines prohibiting employers from using wage or salary history when making hiring decisions. [HB 4163](#), Sponsored by Rep. Anna Moeller (D-Elgin), seeks to bring gender equity in the compensation offered to male and female job applicants. CBAI opposes discrimination in any form and is fully supportive of efforts to provide equal pay for equally qualified job applicants. Unfortunately, HB 4163 contains provisions far beyond the underlying intention of ending discrimination that would create significant harm and unnecessary regulatory burdens for employers. For that reason, CBAI has joined with a large coalition of business associations in opposition to the proposal.

Among the concerns is an ability for complainants to “double dip” by seeking action at both the state and federal level. It also eliminates the ability of an employer to employ an affirmative defense. Similar legislation ([HB 2462](#)) was passed by the General Assembly last year before being amendatory vetoed by Governor Bruce Rauner. The Governor’s veto message included language agreed to by the business community that maintained the prohibition on seeking wage history but removed the more egregious provisions of the bill. CBAI along with our partners in the business coalition remain open to negotiations to find a reasonable compromise on this issue but will remain opposed to this legislation in its current form.

Recently Proposed Bills of Interest

[HB 4324 \(Welch\)](#) creates the Wage Lien Act and provides that a lien exists on an employer's property for the amount of unpaid wages owed to an employee. The bill defines terms and includes provisions concerning creation of the lien; exemptions; notice; limitations; recording of the lien; enforcement; other claims on the employer's property; successor obligations; and construction. ***CBAI opposes.***

[HB 4330 \(Yingling\)](#) amends the Biometric Information Privacy Act to provide that except to the extent necessary for an employer to conduct background checks or implement employee security protocols, a private entity may not require a person or customer to provide his or her biometric identifier or biometric information as a condition for the provision of goods or services. Provides that the new provisions do not apply to: (i) companies that provide medical services; (ii) law enforcement agencies; or (iii) governmental entities. ***CBAI monitoring.***

[SB 2432 \(Mulroe\)](#) amends the Code of Civil Procedure to state that a summons that otherwise complies with Supreme Court Rules and is properly served is not invalidated and the court's jurisdiction is not affected by an error in format and that a summons is not defective if the named defendant is listed on a document attached to the summons. Provides that the changes to the Code of Civil Procedure are declarative of existing law set forth by the Illinois Supreme Court in *Fleshner v. Copeland*, 13 Ill.2d 72 (1958). The bill amends the Mortgage Rescue Fraud Act to state that it is a violation for a distressed property consultant to, among other things, enter into, enforce, or act upon any agreement with a foreclosure defendant, whether the foreclosure is completed or otherwise, if the agreement provides for a division of proceeds between the foreclosure defendant and the distressed property consultant derived from litigation related to the foreclosure. ***CBAI supports.***

[SB 2487 \(Collins\)](#) amends the Public Funds Investment Act, the Illinois Banking Act, the Savings Bank Act, and the Illinois Credit Union Act to require any financial institution or other entity receiving public funds, State bank, savings bank, and credit union with assets of at least \$100,000,000 to submit an annual report on its voluntary supplier diversity program to the Department of Financial and Professional Regulation. ***CBAI opposes.***

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Capital Conference

Wednesday, April 18, 2018

Wyndham City Centre (formerly the Springfield Hilton Hotel)

Call on Washington

April 8 – April 11, 2018

Grand Hyatt Washington

For more information, or if you have any questions or comments, please contact [Jerry Peck](#) or [Megan Peck](#) at 800/736-2224.