



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 1/14/19

CBAI Sets 2019 Legislative Agenda

In December, the CBAI Legislation and Regulation Committee met to consider legislative proposals submitted by community bankers and to set the association's legislative agenda for 2019. The next day, the CBAI Board of Directors voted unanimously to accept the Committee's recommendations. **The 2019 state legislative initiatives include:**

Driver's License ID Verification; Work with the Illinois Secretary of State to develop a system that allows banks to use Illinois issued driver's licenses and id cards for identity verification purposes.

Electronic Lien and Title; Pass legislation requiring the Illinois Secretary of State to implement an electronic lien and title program. Seek to unify the title process between the Secretary of State's Office and the Illinois Department of Natural Resources.

Revised Uniform Unclaimed Property Act; Continue efforts to amend the new unclaimed property law to reverse new provisions that create serious consumer protection and administrative burdens.

Income Tax Relief for Community Banks; Exempt community banks from paying Illinois state income tax on commercial and agricultural loans under \$10 million.

Update Illinois Mortgage Act; Expand the list of entities who may request the release of a prior mortgage. Clarify that the one-month time frame listed throughout the act should be a standard 30 days. Clarify the interest rate a junior mortgagor can charge when making installment payments to the senior mortgagor to prevent default.

The Legislation and Regulation Committee also directed CBAI governmental relations staff to continue research into several additional proposals: Payable on Death; Allow payable on death benefits to flow to the heirs of a named beneficiary and Allow HELOCS to Charge Mortgage Release Fees; While it is technically allowed under current law it isn't clearly stated in the act. Research potential legislative language to make a clarification in statute.

CBAI Board Issues Statement on Marijuana Banking

With the likelihood of recreational marijuana being legalized in Illinois, the CBAI Board of Directors issued the following statement on the issue: *The CBAI Board of Directors urges State and Federal lawmakers to enact legislation that creates a safe harbor for financial institutions to serve state compliant businesses including those conducting legal marijuana related activity in accordance with Illinois Law.*

Lame Duck Session

The 100th General Assembly adjourned session sine die following a brief lame-duck session early last week.

During the lame duck session, the 100th General Assembly approved several items requested by Governor-elect Pritzker. Both chambers approved [SB 1298](#) (Cullerton/Currie) which allows the Governor-elect to replace all of the current members of the Illinois Toll Highway Authority Board. Supporters of the legislation questioned the Board's spending and contracting practices.

The General Assembly also approved [SB 3531](#) (Cullerton/Mitchell) which provides a 15% salary increase for State Agency Director and Assistant Director positions. The salaries for these positions have been frozen for the past 10 years. The Pritzker administration argued that the salary increases are necessary to make the positions competitive nationally and to attract competent leadership in those positions.

101st Illinois General Assembly Takes Office

The 101st General Assembly was sworn into office at noon on January 9th. Both chambers spent the first two days organizing for business and filing new legislation.

Democrat Michael Madigan was re-elected to his 18th term as Speaker of the House, making him the longest serving Speaker in the country, while John Cullerton was re-elected to his 6th term as Senate President. Republican Leaders Representative Jim Durkin and Senator Bill Brady were also re-elected. Even though Democrats now have a veto-proof majority in both chambers, (74-44 in the House and 40-19 in the Senate), Republicans and Democrats pledged to work in a bipartisan manner going forward.

Senate President Cullerton announced his leadership team for the 101st General Assembly. Senator Lightford will serve as the Majority Leader. Senators Link, Munoz, Harmon, Martinez and Koehler will all serve as Assistant Majority Leaders. Senator Hunter will serve as Majority Caucus Chair and Senators Collins, Sandoval and Holmes will serve as Majority Caucus Whips. Republican Leader Brady has not announced his leadership team.

Representative Greg Harris will serve as the House Majority Leader, replacing Barbara Flynn Currie who retired at the end of the 100th General Assembly.

New 101st General Assembly- Introduced Legislation

Bill filings in the 101st General Assembly are already underway. Within hours of the legislators being sworn into office, several bills had been filed. CBAI reviews each bill and will monitor and track any legislation that has an impact on community banking.

CBAI is no stranger to [HB 19 \(Flowers, D-Chicago\)](#) which would create the Community Bank of Illinois Act. Representative Flowers has introduced this bill half a dozen times over the past several years, and CBAI has opposed every single one. Rep. Flowers also recently introduced several resolutions in the House. [HJR 2](#) creates the Return Illinois To Prosperity Commission that would review and evaluate the creation of an Illinois State Bank. [HR 14](#) calls upon Congress to introduce legislation to create a new National Infrastructure Bank, which will “enable our nation to erect a new infrastructure platform appropriate for the 21st century.” CBAI will track these measures and others as they are filed.

Governor’s Transition News

Governor Elect Pritzker’s has announced his top priorities in office will be working to raise the minimum wage, legalizing marijuana and passing a balanced budget.

Governor-Elect Staffing Announcements:

Lieutenant Governor-elect Juliana Stratton will head the newly-created Office of Criminal Justice Reform and Economic Opportunity.

Former Comptroller Dan Hynes, current Democratic State Representative Christian Mitchell, and current President of the Chicago Park District Board Jesse Ruiz will all serve as Deputy Governors.

Anne Caprara, who was Governor-elect Pritzker’s campaign manager and senior advisor during the transition, will serve as Chief of Staff for the New Administration.

Ann Spillane, who currently serves as Attorney General Lisa Madigan’s Chief of Staff, will serve as general counsel to the new Administration.

Alexis Sturm, who currently serves as the director of cash management and bond reporting for Comptroller Susana A. Mendoza, will serve as Director of Governor's Office of Management and Budget.

Nikki Budzinski, who currently serves as transition director and previously served as senior adviser to the JB Pritzker for Governor campaign, will serve as senior adviser.

Sean Rapelyea, who was political director of Pritzker’s campaign, will be Deputy Chief of Staff for external affairs in the Governor’s office.

Former Democratic State Senator John Sullivan of Quincy will serve as the Director of the Department of Agriculture.

Republican State Representative David Harris will serve as Director of the Department of Revenue.

Current regional GM for Uber Midwest Erin Guthrie will serve as director of the Department of Commerce and Economic Opportunity.

Emily Bittner will serve as Deputy Chief of Staff for Communications in the Office of the Governor. Bittner currently serves as Chief of Strategy for Chicago Mayor Rahm Emanuel.

Jordan Abudayyeh will serve as Press Secretary in the Office of the Governor. Abudayyeh currently serves as press secretary of the transition and served the same role on Pritzker's gubernatorial campaign.

Tiffany Newbern-Johnson will serve as Deputy Chief of Staff for Legislative Affairs in the Office of the Governor. Newbern-Johnson currently leads Chicago Mayor Rahm Emanuel's state legislative agenda as the Deputy Director of Legislative Counsel and Government Affairs.

Alicia Tate-Nadeau will serve as Director of Homeland Security and the Illinois Emergency Management Agency (IEMA). Tate-Nadeau currently serves as the executive director of the Chicago Office of Emergency Management and Communications.

Janel L. Forde will serve as Director of the Illinois Department of Central Management Services (CMS). Forde currently serves as the chief operating officer of the City of Chicago after serving the same role at the Illinois State Board of Education.

Theresa Eagleson will serve as Director of the Illinois Department of Healthcare and Family Services (HFS). Eagleson currently serves as the executive director of the Office of Medicaid Innovation at the University of Illinois system.

Heidi Mueller will continue to serve as Director of the Illinois Department of Juvenile Justice (IDJJ). Mueller has spent nearly five years at IDJJ and was appointed to serve as director by Gov. Bruce Rauner in 2016.

Matt Perez will continue to serve as Illinois State Fire Marshal. Perez was appointed as Illinois State Fire Marshal by Governor Bruce Rauner in 2015.

We are still awaiting announcements as to who will serve as Director of the Illinois Department of Financial and Professional Regulations (IDFPR) and Director of Banking.

Additional Notes from Springfield

Longtime Legislator Resigns; Democrat State Representative Lou Lang resigned his seat after serving 16 terms in the Illinois House. Lang's replacement has not yet been named. Lang announced he will become a lobbyist.

Raoul Replacement Named in Senate; Robert Peters, political director of Reclaim Chicago, was appointed to replace Senator Kwame Raoul who stepped down after being elected Illinois Attorney General. Peters, 33, will fill the remainder of Raoul's Senate term that runs until 2021.

Unpaid Bill Backlog; Governor-elect Pritzker will still need to deal with the state's bill backlog totaling \$8 billion at the end of the first half of FY19. Over 96,600 vouchers are still being held for payment.

Illinois Population Loss; Census Bureau data shows that Illinois lost over 45,000 residents in the last year, adding to a decline in population for the fifth year in a row. Illinois lost 40,000 people the previous year. Illinois remains the sixth most populated state in the country. No other midwestern state had a loss in population.

Unfunded Pension System; Illinois' unfunded pension liability for state employees rose from \$129 billion in FY2017 to \$133.5 billion at the end of FY2018, primarily due to inadequate state funding into the system. The deficit could increase to \$136.8 billion by the end of FY2019 and reach \$139 billion in FY2020, according to the Commission on Government Forecasting and Accountability.

On the Federal Side

CBAI recently responded to requests for comments by the regulators about the Community Reinvestment Act and Federal Reserve's role in payment system improvements.

CRA Modernization; CBAI urged the modernization of the CRA that makes it relevant and properly focused now, and in the future, without increasing the regulatory burden on community banks in recognition of their exemplary performance in serving their customers and communities fairly and honestly.

Faster Payments; CBAI supports system improvements that are progressive, competitive and secure, and that offer fair and open access to all community banks regardless of size, charter type or location so they can meet the existing and evolving payment needs of their customers and communities. The Federal Reserve has historically been and remains a critically important point of access to the payments system that must be available to every community bank. The Fed's proposed improvements for 24x7x365 real-time gross settlement and a liquidity management tool are entirely consistent with its mission and should be immediately developed and implemented.

Call Report Reform; CBAI is asking community bankers to urge regulators to provide meaningful regulatory relief for community banks by implementing a short form Call Report for the first and third quarters. In comment letters in 2014, 2016 and 2017, CBAI repeatedly urged the regulators to provide meaningful relief, but all previous responses have been insufficient. In 2018, Call Report relief was mandated in Section 205 of S. 2155 but unfortunately the

regulators most recent proposal to implement this Section falls well short of Congressional intent and the needs of community banks.

SAVE THE DATES!

Capital Conference

Wednesday, April 10, 2019
Wyndham City Centre

Call on Washington

April 28 – May 1, 2019
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.