



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT- 3/6/2017

The Illinois Senate was the only chamber in session last week, and unfortunately their efforts to pass the controversial "Grand Bargain" budget and reform package stalled last Wednesday. On Tuesday, the Illinois Senate approved legislation to allow for local government consolidation, procurement reform, a massive gaming expansion, Chicago Teacher pension parity and appropriations for the remainder of Fiscal Year 17. These bills were approved with varying amounts of bi-partisan support; but an attempt to pass the larger pension reform package failed by four votes and was postponed for future consideration; and the measure to allow units of local governments options to manage their debt was pulled from the record after questions surfaced during debate. Procedural holds were placed on the legislation approved by the Senate on Tuesday, a move that will allow those bills to remain under the jurisdiction of the Senate until the rest of the package is approved.

Then the deal completely unraveled on Wednesday. Early in the day a new worker's compensation amendment was filed and amendments to the remainder of the package were being finalized. But by late in the day Wednesday there were not enough votes to advance the remaining legislation. Democrats blamed the setback on Governor Rauner's intervention, however Senate Republicans publicly stated that the package was just not ready for prime time. Whatever the reason, by Wednesday afternoon most, if not all, Senate Republicans had withdrawn their support from the package and that forced Senator Cullerton to cancel the planned votes on the remaining legislation.

The state is operating for its second fiscal year without a comprehensive budget. The Senate Grand Bargain negotiations, which seemed like the best option to provide a path forward are currently at an impasse. It is unclear where the negotiations will go from here, however if cooler heads prevail, a deal could still be reached and the package could pass the Senate as early as this week. CBAI will continue to monitor this situation and report if anything changes this week.

The Illinois General Assembly will continue committee action this week when both the House and the Senate return to Springfield. Over 6,000 bills were introduced this session. The Senate deadline for bills to pass out of Committee is March 17, and the deadline in the House is March 31.

Below is a round-up of legislation CBAI has been tracking, as well as CBAI's 2017 state legislative initiatives.

CBAI Initiatives:

SB 692 (Mulroe) and HB 759 (Lang) - Credit Insurance Clarification

This bill amends the Illinois Insurance Code in a provision concerning licensure requirements for financial institutions to clarify that financial institutions do not need to be licensed to enroll bank customers in group credit insurance policies. *SB 692 passed out of the Senate Insurance Committee on the agreed bill list. HB 759 is scheduled to be heard this week in House Financial Institutions Committee.*

SB 1545 (Mulroe) - Lienholder Protection for Insurance Claims

This bill seeks to add protection of secured interests of a lienholder. This bill amends the Illinois Vehicle Code to provide that if an owner of a vehicle has comprehensive, collision, or other insurance coverage for the damage or loss of a vehicle and the vehicle's certificate of title discloses a lienholder of record, the insurer paying a claim for the damage or loss of the vehicle must issue the payment directly to the business repairing the vehicle or to both the owner of the vehicle and the lienholder of record. CBAI is working with the Illinois Insurance Association on a possible amendment to this bill. *It is currently in Senate Insurance Committee.*

SB 1694 (Koehler) - Vehicle Storage Fee

This bill is follow up language from last year's bill HB 2642 which was signed into law that requires repair shops and garages that seek to impose fees in connection with the storage of a vehicle, to provide written notice to the lienholder of record before the assessment and accrual of fees. There have been several complaints of noncompliance with this new law, so this bill seeks to clarify the law, add a reference in the Vehicle Code, and add penalties for noncompliance. *This bill is in Senate Transportation Committee.*

HB 3282 (Davidsmeyer) - Bank Data Ownership

This bill amends the Data Processing Services for Financial Institutions Act to provide that if a financial institution makes data available to an independent data processing servicer, the data shall remain the property of the financial institution. *This bill is currently in the House Financial Institutions Committee.*

HB 2514 (Lang) - Federal Home Loan Bank Regulatory Information Sharing

This legislation would allow the FHLB of Chicago to have access to the same credit information for Illinois state-chartered bank, thrifts and credit unions as it does for its federally chartered members. *This bill is currently in the House Financial Institutions Committee.*

Legislation CBAI Opposes:

HB 233 (Ford) amends the Criminal Identification Act to provide that records of conviction for any non-violent offense or any criminal offense that did not result in bodily harm or death to another person may be sealed 10 years after the termination of the petitioner's last sentence. CBAI has concerns with this bill and will oppose. *It is currently in the House Judiciary-Criminal Committee.*

[HB 454 \(Flowers\)](#) creates a state community bank to be operated and run by the Illinois Department of Financial and Professional Regulation. CBAI and several other groups have opposed this proposal for over five years, and will continue to oppose this bad idea. A fiscal note filed by IDFPFR indicates that the minimum capital required to operate the bank is projected at \$9.8 billion (assuming a minimum of 10 percent capital to asset ratio). The bank would not be FDIC insured and its deposits would be guaranteed by the full faith and credit of the State of Illinois. IDFPFR would need at least 100 new positions in the agency to operate the bank. Assuming 100 new positions with a starting salary of \$60,000.00 plus benefits would lead to a recurring annual cost of \$11,579,000.00. *This bill has currently been assigned to the House Financial Institutions Committee.*

[HB 471 \(Ford\)](#) amends the Landlord and Tenant Act to provide that if a landlord enters into a lease with a tenant after receiving notice that a foreclosure proceeding has been initiated against the property, and the tenant later is required to vacate the premises as a result of the foreclosure action, the tenant may recover all of the rent payable from the time the lease is entered into until the tenant vacates the premises. CBAI opposed this bill and spoke with the sponsor who has agreed to amend the bill to state that it is the landlord's responsibility to provide notice to the tenant. *This bill is currently in the House Judiciary-Civil Committee.*

[HB 523 \(Turner\)](#) amends the Mortgage Foreclosure Article of the Code of Civil Procedure by extending the additional fee paid by residential foreclosure plaintiffs and purchasers at a judicial sale until January 1, 2020 (instead of January 1, 2018). CBAI opposes this bill, and has requested that fees sunset as agreed to in the original legislation. A similar bill was filed in the Senate as **[SB 718 \(Collins\)](#)**. *HB 523 is currently in the House Judiciary-Civil Committee. SB 718 was assigned to the Senate Financial Institutions Committee.*

[HB 723 \(Rita\)](#) creates the Real Estate Appraisal Fees Article of the Residential Real Property Disclosure Act and provides that in any residential real estate closing document in which real estate appraisal fees are shown, the fee paid to an appraiser shall be shown separately from the fee paid to an appraisal management company. CBAI believes this additional document is unnecessary and burdensome. *This bill is currently in the House Business & Occupational Licenses Committee.*

[HB 823 \(Ford\)](#) amends the Division of Banking Act to require the Division of Banking to implement a program intended to encourage financial institutions to help meet the credit needs of the communities in which they serve, including low and moderate-income neighborhoods, consistent with safe and sound banking practices. The legislation also prohibits the State from entering into a contract or renew a contract with a financial institution that does not participate in the program. CBAI is opposed to the bill and the Illinois Division of Banking has drafted an amendment that should remove our opposition. *This bill is currently in the House Business Incentives for Local Communities Committee.*

[HB 3076 \(Hernandez\)](#) amends the Electronic Fund Transfer Act and provides that for every electronic fund transfer performed in Illinois, financial institutions shall remit \$0.01 to the

Division of Banking of the Department of Financial and Professional Regulation for deposit into the Illinois DREAM Fund. The Illinois DREAM Fund provides scholarships to undocumented students, who are incoming freshmen or current undergraduates that possess at least a 2.5 GPA (on a 4 point scale). CBAI adamantly opposes this bill. *It is currently in the House Financial Institutions Committee.*

[HB 3498 \(Jones\)](#) would require the Illinois Community College Board to establish and implement a program that provides tuition to the first 1,500 students per year that enroll at each designated community college. Revenue for the Community College Free Tuition Trust Fund will be raised by an additional fee or tax paid by every state chartered bank and credit union. Even more ridiculous, the fee or tax is not set by statute, but will be determined by the Illinois Community College Board. CBAI adamantly opposes this bill. *It is currently in the House Community College Access & Affordability Committee.*

[SB 949 \(Hastings\)](#) amends the Common Interest Community Association Act and the Condominium Property Act. The bill states that if a condominium or community instruments require approval of any mortgagee or lienholder of record and the mortgagee or lienholder of record receives a request to approve or consent to the amendment to the condominium or community instruments, the mortgagee or lienholder of record is deemed to have approved or consented to the request unless the mortgagee or lienholder of record delivers a negative response to the requesting party within 35 days after the mailing of the request. CBAI opposes the bill mainly because of concerns with the 35 day automatic consent provision. *This bill has been postponed in the Senate Judiciary Committee.*

[SB 1246 \(Bennett\)](#) amends the Code of Civil Procedure and adds, to the list of personal property that is exempt from judgment, attachment, or distress for rent, moneys held in educational expense accounts and similar types of educational savings accounts. These accounts include, but are not limited to, funds invested in an ABLÉ Account as defined by Section 529 of the Internal Revenue Code and funds invested in a 529 Plan as defined by Section 529 of the Internal Revenue Code. CBAI believes there are sufficient exemptions for debtors in the Code and opposes the bill. *This bill is currently in the Senate Judiciary Committee.*

[SB 1331 \(Bush\)](#) amends the Illinois Human Rights Act and prohibits discrimination based on source of income. Provides that "source of income" means the source of any lawful income or any lawful rent payment that can be verified as to its amount, length of time received, regularity, or receipt, including any subsidy authorized under Section 8 of the United States Housing Act of 1937 and any other local, State, or federal subsidy or benefit. Also it states that it is a civil rights violation for an owner or any other person engaging in a real estate transaction, or a real estate broker or salesman, to engage in specified behaviors because of source of income. Although the bill was introduced to address Section 8 housing it could have unintended consequences on mortgage lending. *This bill was postponed in the Senate Judiciary Committee.*

[SB 1970 \(Aquino\)](#) creates the Financial Transaction Tax Act and imposes a tax on the privilege of engaging in a financial transaction that occurs, is effectuated, consummated, executed, or cleared at a facility located in the State. The bill states that the tax is imposed at a rate of \$1 per contract for all transactions for which the underlying asset is an agricultural product and \$2 per contract for all other contracts. *This bill is currently in Senate Assignments and has not yet been assigned to committee.*

Other Legislation CBAI is Tracking:

[HB 367 \(Ford\)](#) creates the Value After Rehabilitation Appraisal Act. The bill provides that, unless prohibited by federal law or regulation, for any program administered by this State that requires an appraisal to be performed on real estate, the appraisal may take value after rehabilitation into account. It also provides that an appraisal that takes value after rehabilitation into account shall be accepted to the same extent that other appraisal methods for real estate sales and refinances are accepted. *This bill is currently in the House Revenue & Finance Committee.*

[HB 1783 \(Demmer\)](#) amends the Electronic Fund Transfer Act to require that a person who establishes or owns specified cash-dispensing terminals must post a telephone number on the terminal for consumers to call to report problems, along with the telephone number of the Department of Financial and Professional Regulation (rather than file notices of establishment or ownership with the Secretary of Financial and Professional Regulation). It also repeals the Check Printer and Check Number Act (which is a provision supported by CBAI). *This bill is currently in the House Consumer Protection Committee.*

[HB 2603 \(Zalewski\)](#) is a complete rewrite of the Uniform Unclaimed Property Act and creates the Revised Uniform Unclaimed Property Act. Adds language concerning: definitions; applicability; rulemaking; presumptively abandoned property; taking custody of property that is presumed abandoned; reporting requirements; notice to property owner; taking custody of property by the State Treasurer; sale of property; administration of property; claims to recover; liability; remedies; enforcement; agreements to locate property; confidentiality; uniformity of application and construction; relation to federal laws; transitional provisions; and severability. The bill repeals the Uniform Disposition of Unclaimed Property Act and makes corresponding changes in the following Acts: the Illinois Administrative Procedure Act; the Freedom of Information Act; the State Comptroller Act; the State Treasurer Act; the Financial Institutions Code; the State Finance Act; the State Officers and Employees Money Disposition Act; the Counties Code; the Illinois Banking Act; the Savings Bank Act; the Illinois Credit Union Act; the Currency Exchange Act; the Corporate Fiduciary Act; the Transmitters of Money Act; the Adverse Claims to Deposit Accounts Act; the Illinois Insurance Code; the Unclaimed Life Insurance Benefits Act; the Real Estate License Act of 2000; the Code of Criminal Procedure of 1963; the Probate Act of 1975; the Sale of Unclaimed Property Act; the Business Corporation Act of 1983; and the General Not For Profit Corporation Act of 1986. This bill is a total rewrite of the unclaimed Property Act and is an initiative of the Treasurer's Office. CBAI is reviewing the 240 page bill and will meet with the Treasurer's office to discuss our comments and concerns. *It has been assigned to the House Executive Committee.*

[HB 2965 \(Andrade\)](#) amends the Residential Mortgage License Act of 1987. The bill states that when a mortgagor is in arrears more than one month, no licensee shall refuse to accept any payments offered by the mortgagor in whole month payment amounts. Further, such payments shall be applied to the unpaid balance in the manner provided in the licensee's mortgage with that mortgagor. *This bill is in the House Financial Institutions Committee.*

[HB 3799 \(Beiser\)](#) amends the Illinois Banking Act, the Savings Bank Act, and the Illinois Credit Union Act and would allow certain financial institutions to refuse a transaction if an employee or officer has fulfilled certain training requirements under the Adult Protective Services Act and reasonably believes that an act of financial exploitation of an eligible adult has occurred or may occur. The bill would also provide that neither the financial institution nor its employees or officers shall be liable for any actions taken in good faith under the provisions. *This bill is currently in the House Financial Institutions Committee.*

[HR 121 \(Lang\)](#) urges Congress to amend federal law to provide immunity from federal prosecution and regulatory protections for financial institutions legally providing services to marijuana-related businesses pursuant to applicable state law. CBAI supports this resolution. *This resolution is still in Rules Committee.*

[SB 1817 \(Althoff\)](#) repeals the Appraisal Management Company Registration Act and makes conforming changes in the Real Estate Appraiser Licensing Act of 2002. The bill would allow, however, non-licensed business to continue to perform appraisal management services listed in the bill. *This bill is in Senate Licensed Activities and Pensions.*

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

REGISTER NOW TO ATTEND:

[Capital Conference](#)

Wednesday, April 5, 2017

Wyndham City Centre (formerly the Springfield Hilton Hotel)

[Call on Washington](#)

April 30 - May 3, 2017

Grand Hyatt Washington