

NEWS FROM THE FRONT

Community Bankers Association of Illinois
One Mission. Community Banks.®

Edition: May 20, 2024

After a week of positioning bills for final action, the House canceled its scheduled session for last weekend and both chambers return to Springfield today and will work through the week. It's still too early to predict if the legislature will conclude its business on time. Currently, there is no deal on a budget or revenue package (or cuts) necessary to implement the budget – and neither chamber has positioned a budget vehicle bill. The planned adjournment is this Friday, May 24; however, the schedule notes that May 25-31 are saved for “budget.” There are 119 Senate bills in the House for a full vote and 93 House bills in the Senate.

Status Update on Banking Bills of Interest

HB 1375 (Tarver/Lightford) requires public schools to teach financial literacy and consumer education to students in grades nine through 12 in alignment with the Illinois Social Science Learning Standards for Economics and Financial Literacy or other relevant career and technical education learning standards. CBAI supports. *This bill passed the House, and the Senate and is back in the House on concurrence.*

HB 3773 (Andrade/Cervantes) defines “Artificial Intelligence” and “Generative Artificial Intelligence” within the Illinois Human Rights Act regarding civil rights violations when hiring. The bill initially had troublesome wording dealing with creditworthiness, and CBAI opposed it. The bill was then amended several times and the troublesome language was removed. CBAI then removed opposition and became neutral. CBAI will continue to monitor AI legislation. *The bill is in the House on concurrence.*

HB 4629 (Morgan/Aquino) creates the Junk Fee Ban Act to prohibit fees without disclosing the total price. The bill was specifically intended to target concert



Thank you to
the sponsors of
CBAI's Call on
Washington!



CBAI Participates in FHLB-C Economic Roundtable with Congressman Darin LaHood

CBAI welcomed the opportunity to participate in the Federal Home Loan Bank of Chicago's Economic Roundtable meeting with Congressman Darin LaHood (IL-16). The meeting was an opportunity for Congressman LaHood to learn about financial services issues as well as housing and economic development issues. Ed Brady, representative of the Homebuilders Institute and former FHLB-C director, introduced Congressman LaHood, whom he has known for decades, and the congressman provided his opening remarks. The FHLB-C's David Feldhaus and Michael Erickson gave a brief update on the FHFA's FHLBank System at 100 report.

[Read More »](#)

tickets and hotel sales. CBAI worked with the sponsors of the bill to remove language that could potentially harm community banks. *The bill passed the House and out of a Senate committee with a promise from the Senate sponsor to hold the bill for an amendment. CBAI continues to monitor.*

[HB 5428 \(Avelar/Castro\)](#) amends the Illinois Banking Act and the Savings Bank Act and makes several changes to both. This is an IBA initiative to modernize and clarify existing law as well as resolve inconsistencies between the two laws. CBAI created a working group to review these changes and supports the bill. *The bill passed the House and was assigned to the Senate Financial Institutions Committee.*

[SB 3157 \(Johnson/Mayfield\)](#) allows the State Treasurer to establish and administer a non-profit investment pool. While this pool would be voluntary by non-profits, CBAI opposes it as the Treasurer's office will compete with community banks for those funds. *The bill passed out of the Senate is in the House on second reading.*

[SB 3235 \(Belt/Harper\)](#) allows the Illinois Commission on Equity and Inclusion to conduct a study using publicly available state CRA exam reports to identify policies, procedures, patterns and practices that may have a disparate impact on lending decisions. The study results could be incorporated into CRA examination standards, but only after going through the legislative rulemaking process and language about protected characteristics, unrelated to CRA, including race, were stripped out. The study is expected to cost as much as \$500,000, so we ensured that it was subject to appropriation, and we were given assurances that the funding would not come from bank examination fees. CBAI, along with the IBA and the Illinois Credit Union League, worked with the sponsor to amend the introduced bill on this compromise. *The bill is currently in the House on its third reading.*

[SB 3551 \(Feigenholtz/Croke\)](#) amends the Residential Mortgage License Act of 1987 and requires borrowers to take specified counseling before taking any legally binding action on a shared appreciation agreement. The bill defines "shared appreciation agreement" as written evidence of a transaction or any option, future or any other derivative between a person and a consumer in which the consumer receives money or any other item of value in exchange for interest or future interest in a dwelling or residential real estate or a future obligation to repay a sum on the occurrence

CBAI Urges Federal Reserve to Withdraw Debit Interchange Fee and Routing Proposed Rule

In a May 10, 2024, comment letter to the Board of Governors of the Federal Reserve System, CBAI stated many reasons for its opposition to their proposed rule on debit interchange fees and routing requirements. The Federal Reserve is not required to revisit and change the interchange cap. Consumers will not benefit from a reduction in the cap – only the big-box retailers and giant e-commerce merchants will benefit. Community banks and their customers will be harmed by the reduction in the cap, particularly those consumers who are the most vulnerable. Accordingly, CBAI strongly urged the Federal Reserve to withdraw this flawed and misguided Proposal and engage with community banks on this important matter. [Read CBAI's comment letter to the Federal Reserve.](#)

CBAI Responds to the Opening Round of the EGRPRA's Regulatory Review

In a comment letter dated April 24, 2024, to the federal banking regulators, CBAI responded to the opening round of this decennial regulatory review which is expected to span two years. The initial regulations reviewed for being outdated, unnecessary or unduly burdensome were regarding Applications and Reporting and Powers and Activities. CBAI urged the regulators to robustly implement a tiered regulatory system to more clearly differentiate between the megabanks and community banks and to seriously consider the combined impact of all regulations on community banks. CBAI encouraged the regulators (FDIC in particular) to cooperate and diligently pursue a course to restore a healthy flow of new bank (de novo) formations. CBAI also urged the FDIC to do everything in its power, as the deposit insurer for proposed Industrial Loan Company (ILC) applicants, to ensure the safety and soundness of the Deposit Insurance Fund which community banks rely on to insure their customers' deposits. [Read CBAI's comment letter.](#)

Notes From Springfield

Sen. Mark Walker (D) replaced Ann Gillespie, now acting director of the Department of Insurance, in the state Senate. Walker previously served in the House. The move creates a vacancy for Walker's House seat.

According to the Illinois State Board of Elections, Illinois voter turnout for the March 19th primary election was 19%, which is the lowest turnout in a presidential primary in several decades.

Moody's Investors Service has revised Illinois' outlook from stable to positive, a move primarily driven by the

of an event, such as (i) the transfer of ownership, (ii) a repayment maturity date, (iii) the death of the consumer, or (iv) any other event contemplated by the writing. *CBAI supported this bill, and the bill passed out of the Senate and is in the House on third reading.*

SB 3617 (Feigenholtz/Croke) allows the Department of Revenue to design and implement a data match system under which the Department of Revenue can enter into agreements with financial institutions doing business in this state to identify accounts of delinquent taxpayers. It provides that no financial institution is required to enter into a data match agreement with the Department of Revenue. Because it is voluntary, CBAI is neutral on the bill. The bill was amended to additionally state that the Department shall pay a reasonable fee not to exceed the cost to the institution performing the data match. *The bill passed the Senate 58-0-0 and is in the House on third reading.*

SB 3696 (Halpin/Didech) amends the Uniform Commercial Code to adopt changes recommended by the Uniform Law Commission concerning the addition of a Controllable Electronic Records Article and transitional provisions and the amendment of other provisions of the Code. CBAI supports. *The bill passed the Senate and is in the House on the third reading.*

Bills Passed Both Chambers

HB 4891 (Croke/Feigenholtz) prohibits dentists from arranging an open-end credit or loan extended by a third party for a patient without first providing notice and disclosure to the patient. *The bill passed out of both chambers and will be sent to the governor.*

SB 2933 (Stadelman/West) prohibits a consumer reporting agency from reporting or maintaining on-file medical debt on a consumer report. The bill states that medical debt does not include debt charged to a credit card or an open-end or close-end extension of credit made by a financial institution to a borrower unless the open-end or close-end extension of credit may be used by the borrower solely for the purchase of health care services. *The bill passed out of both chambers and will be sent to the governor.*

Illinois Treasurer's Office Caps AG Assist Program

Starting June 1, 2024, the Illinois Treasurer's Office (TO) will cap the popular link-deposit program AG Assist at a maximum \$10 million deposit limit until the end of the year. In a letter to participating financial institutions, the TO noted a surge in the popularity of the program in 2023 that led to more than \$1 billion in deposits placed in Illinois financial institutions in

state's healthy budget reserves. However, Moody's statement also noted, "...affirmation of the ratings recognizes lingering downside risks to the state's credit profile, including outside liabilities stemming from unfunded pensions." Last year, Moody's decried Illinois' financial position as weak, again citing pension benefits as a major concern. Illinois Comptroller Susana Mendoza welcomed the positive revision, saying, "Bond rating agencies notice when Illinois puts more money toward the Rainy-Day Fund and the Pension Stabilization Fund, as we have been and must continue to keep doing. We've had nine consecutive credit upgrades, and we want to keep going."



Southern Illinois Legislative Roundtable and Sporting Clay Shoot

Community bankers will be returning to the World Shooting Complex in Sparta, IL, for CBAI's popular legislative roundtable and sporting clay shoot on July 11. The event generally attracts eight to 10 legislators and a large group of bankers for a prime networking opportunity and grassroots advocacy. The roundtable features a working lunch with introductions and updates from legislators. Those wishing to shoot are welcome to join us on the world-class sporting clay range for an afternoon of friendly competition. This event is supported by your generous donations to Community BancPac, and there is no cost to attend. We encourage you to bring a large group of bankers and friends of community banking. Community bankers from all parts of the state are invited to participate in this event. Please email [Jessie Schmidt](mailto:Jessie.Schmidt@cbaillinois.org) if you are interested in attending this event.

2024. The TO is also capping the maximum spread on lines of credit and long-term deposits under the program. [You can read the letter here.](#)

BUDGET UPDATE:

Revenues for FY24 are being upwardly revised by \$250 million by the Governor's Office of Management and Budget (GOMB), according to its latest report to the Legislative Budget Oversight Commission. Noting that individual, corporate and sales taxes were "modestly behind forecasted levels," those lagging performances were balanced out by overperformances in the four areas of federal revenues, transfers in, investment income and estate tax collections.

Looking ahead to FY25, GOMB has issued modest downward revisions for sources that are economy-driven but is predicting enhanced performances in the realm of investment income given the delay by the Federal Reserve to cut interest rates. If the legislature passes the \$1 billion in new revenue being sought by the governor for the FY25 budget, the report contends that the state's overall revenue will surpass its February estimates by \$295 million. Conversely, should the requested revenues not be approved by the General Assembly, a \$700 million deficit would occur in the proposed budget.



Call On Washington

CBAI members joined with a record number of community bankers and guests from across the country from April 29 – May 1, 2024, to deliver our important legislative and regulatory priorities to policymakers in Washington, D.C. Again this year, CBAI's Call on Washington was held in conjunction with the Independent Community Bankers of America's (ICBA's) Capital Summit. Thank you to all the bankers who took the time to join the effort and to all of the generous sponsors who helped support the event. [You can see more pictures and details here.](#)



We're Excited to Celebrate in 2024!

Save the Date: Bourbon Pickup Networking Event

Witness Distillery in Vandalia has worked with us to create two barrels of custom bourbon to celebrate CBAI's 50th anniversary. We are scheduled to pick up our commemorative bottles on August 20th and we would love to have you join us. We are planning an afternoon bourbon tasting. We are inviting bankers, friends of community banking, and legislators to join us for an afternoon of networking. Please save the date. More details are coming. This free event is supported by Community BancPac.



Buy your tickets early and get entered into the **early-bird drawing** on August 15, 2024 for a chance to win one of the finished ends from CBAI's 50th anniversary bourbon barrels and a bottle of CBAI's 50th Anniversary Bourbon.

***DO NOT NEED TO BE PRESENT TO WIN**

GRAND PRIZE is your choice of any Community BancPac live auction item on September 19, 2024, at the welcoming reception of CBAI's 50th Annual Convention & Exposition.

****MUST BE PRESENT TO WIN**

If you are interested in purchasing ticket(s), please contact [Jessie Schmidt](#) today.

CBAI Members Have Free Access to the Capitol Fax Blog

Want more insight into Illinois politics? The Capitol Fax Blog offers a daily insider perspective. It's a subscription service, but CBAI offers community bankers access for free in the Members Only section of cbai.com. Need a members-only password? Just reach out to [Stacy Workman](#) and she will assist you.

If you have any questions or comments, please contact [Jerry Peck](#) or [Megan Peck](#) of the CBAI Governmental Relations Team.
