



NEWS FROM THE FRONT- 12/10/2019

CBAI's Quarterly Staff Visit to D.C. Reinforces the Community Bank Position on Important Issues

CBAI's SVP Federal Governmental Relations, David Schroeder, traveled to Washington D.C. the week of November 11 to update the Illinois Congressional Delegation on important issues for Illinois community banks. Schroeder also met with the Office of the Controller of the Currency; the Consumer Financial Protection Bureau's leadership team responsible for implementing Section 1071 of the Dodd-Frank Act (small business data collection); Bryan Schneider (the former Director of the Illinois Department of Financial and Professional Regulation) in his new position as the CFPB's Associate Director of Supervision, Enforcement, and Fair Lending; and senior legislative and regulatory staff of the Independent Community Bankers of America (ICBA).

Topping the discussion agenda was credit union abuse, particularly the acquisition of tax paying community banks by tax-exempt credit unions. These acquisitions are just the latest example of credit unions straying far from their founding mission of serving individuals of modest means and with a common bond. Schroeder also discussed the Federal Reserve Board's recent decision to develop its FedNow Service (real-time payments) which affirms the important role the Fed has and must continue to play in the nation's payments system. In addition, while community bankers were greatly encouraged by the passage and implementation of the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155), Schroeder encouraged additional accomplishments to reverse the trend of losing one community bank a day to consolidation, which when combined with an increased concentration of banking assets in the largest banks and non-banks, poses a pernicious threat to our financial system and economy. [Read Complete List of Policy Priorities Discussed During Schroeder's Hill Meetings](#)

CBAI ACTION ALERT: Tell the NCUA – Don't Let Credit Unions Discriminate!

CBAI recently called on all Illinois community bankers to urge the National Credit Union Administration (NCUA) to adopt anti-discriminatory safeguards that banking regulators apply to banks. The NCUA's proposed rule would allow federal credit unions to continue to serve core-based statistical areas without serving their urban core, which would not adequately guard against redlining. The agency issued the proposal despite an appeals court ruling that this could have a discriminatory effect on low- and moderate-income communities.

CBAI Members Attend Federal Reserve Community Bankers Symposium

On November 22, 2019, the Federal Reserve Bank of Chicago hosted its 14th Annual Community Bankers Symposium titled – ***Bringing it Home*** . The Symposium was a joint effort between the Federal Reserve Bank of Chicago, Federal Deposit Insurance Corporation, and the Office of Comptroller of the Currency. The Symposium consisted of presentations on current industry developments and key bank supervision issues, as well as providing an opportunity for the attendees to have a dialogue on issues of supervisory focus, the banking environment, and regulatory updates.

The previous evening, CBAI hosted a Welcome Dinner for its members attending the Symposium at Harry Carey's Steakhouse. The Welcome Dinner was generously sponsored by the Federal Home Loan Bank of Chicago. [Read Article](#)



CBAI Leadership Bankers and Staff Attend the FDIC's *Listening Session on Supervisory Appeals and Dispute Resolution Process*

On December 3, 2019, CBAI leadership bankers and staff attended the Federal Deposit Insurance Corporation's *Listening Session on Supervisory Appeals and Dispute Resolution Process*. This session was held as part of the FDIC's efforts to enhance the Agency's transparency, efficiency and, accountability. The participants offered input and recommendations regarding these processes as well as suggestions regarding the role the Office of the Ombudsman in resolving disagreements. CBAI appreciates this opportunity for the participants to express candid concerns and hopes the results of this session will be an improved process which more community bankers will have confidence in perusing to resolve their legitimate grievances. [Read Article](#)

Agencies Clarify Requirements for Providing Financial Services to Hemp-Related Businesses

The four federal agencies (i.e., Federal Reserve Board, FDIC, FinCEN, and the OCC) in conjunction with state regulators (i.e., CSBS) issued a statement clarifying the legal status of hemp growth and production and the relevant requirements under the Bank Secrecy Act (BSA) for banks providing services to hemp-related businesses.

The statement emphasizes that banks are no longer required to file Suspicious Activity Reports (SARs) for customers solely because they are engaged in the growth or cultivation of hemp in accordance applicable laws and regulations. For hemp-related customers, banks are expected to follow standard SAR procedures and file a SAR if indication of suspicious activity warrants.

The statement provides banks with background information on the legal status of hemp, the U.S. Department of Agriculture's (USDA) interim final rule on the production of hemp, and the BSA considerations when providing banking services to hemp-related businesses.

The statement also indicates that FinCEN will issue additional guidance after further reviewing and evaluating the USDA interim final rule.

Banks can contact the USDA, state departments of agriculture, and tribal governments with further questions regarding the Agricultural Improvement Act of 2018 (2018 farm Bill) and its implementing regulations. [Read Agency's Statement](#)

CBAI Joins Illinois Department of Agriculture for Industrial Hemp Summit

The Illinois Department of Agriculture is hosting farmers, growers and processors of industrial hemp to attend their 2019 Industrial Hemp Summit in Springfield on December 17. CBAI will join a panel discussing the challenges community bankers face when considering offering services to the industry. CBAI, the Illinois Farm Bureau and Department of Ag have made open lines of communication a priority throughout the legalization process. Our goal is to ensure that farmers and bankers are receiving consistent guidance when it comes to industrial hemp. Community bankers who are interested in learning more about industrial hemp from a growers perspective are welcome and encouraged to attend. You can find more information and register at this link. [Click here to register.](#)

Cannabis and Industrial Hemp Banking Referrals

CBAI regularly receives requests for referrals from potential customers looking for banks interested in handling their cannabis and industrial hemp business. As a policy, CBAI does not disclose the names of banks involved in the cannabis business. We would be happy to pass along information about these customers to any member bank who may be interested in pursuing their business. CBAI will share this information equally with all member banks who would like to receive it. If your bank would be interested in receiving cannabis and industrial hemp referral information please contact the governmental relations department and we will add you to a distribution list. All of this will be done anonymously, we will not disclose the name of your bank to any potential customers or competing banks.



CBAI joined Treasurer Mike Frerichs, Illinois Cannabis Czar Toi Hutchinson, IDFPR Banking Director Chasse Rehwinkel and several legislators for a Cannabis Banking Summit in Peoria. CBAI's Jerry Peck was a panelist at the event. CBAI was the only Illinois banking trade association to participate in the summit.

Illinois to Tax Parking lots in 2020

If you rent out more than three spaces in a parking lot you may be subject to a new Illinois tax starting January 1, 2020. As part of the FY 19/20 budget, the General Assembly approved the Parking Excise Tax Act. Under the act, operators of parking lots or spaces who rent more than three spaces are subject to a 6% tax on hourly/daily/weekly parking and 9% of the purchase price for monthly/annual parking. Parking operators are required to register with the Illinois Department of Revenue and collect and remit the new tax. It will be a class A misdemeanor to operate a parking area without a license. [Click here](#) to read the Illinois Department of Revenue Bulletin on the new tax.



Notes from Springfield

The Illinois Senate will convene on January 19 to accept the resignation of Senate President John Cullerton and select a new caucus leader. Senator Kimberly Lightford (D) of Hillside has been working on a coalition for support as President with Senators Andy Manar, Heather Steans, and Tony Munoz in her leadership, apparently backed by Governor Pritzker. However, there are several weeks remaining for discussion and negotiations among the senators. Senators Don Harmon, Elgie Sims, Michael Hastings, and Napoleon Harris are also actively working to gather support. The new President will need 30 votes. There are currently 40 Democrats in the Senate.

Representative Sara Feigenholtz (D) is pursuing the Senate seat that will be left vacant by Senate President Cullerton.

Senator Martin Sandoval (D) has announced plans to resign his Senate seat on January 1 in the midst of an FBI investigation. Sandoval was stripped of his chairmanship of the Senate Transportation Committee earlier this year after federal agents raided his home and offices.

Eva-Dina Delgado (D) was selected to Replace Rep. Luis Arroyo (D) who resigned following his arrest. The process to select Arroyo's replacement, which included using Arroyo's own proxy votes to select his replacement, has drawn criticism from local party leaders and members of the House of Representatives. Speaker Madigan warned local leaders that Arroyo's involvement in the selection of replacement "whether a direct vote or a vote by proxy would cause the candidate's qualifications to be challenged by the full Illinois House of Representatives." Gov. Pritzker wants the newly created Ethics Commission to review the process by which legislative replacements are chosen.



CBAI's Governmental Relations Team

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

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