



# NEWS FROM THE FRONT

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

**Edition: March 25, 2025**

The General Assembly had a frantic and full week of committee hearings last week leading up to Friday's deadline to move bills from first chamber committees. However, deadline extensions are expected on many bills in both the House and Senate, and nearly every bill passed out of committee will likely come back to committee again with amendments. The House will return to Springfield this week to begin full votes, while the Senate takes the week off from session. The chambers flip for the following week with the Senate in Session and the House in district. Both houses will convene for the following week for the Third Reading deadline in the first chamber on Friday, April 11. CBAI's Capital Conference is on April 9.

## **Legislation to Strengthen the Penalties for Non-Bank Entities using the word "Bank" Passes out of House and Senate Committees**

**HB 3553** (Croke) and **SB 2318** (Ellman) amend the Illinois Banking Act concerning the use of the word "bank" and "banking" in misleading practices. The bills are initiatives of the Illinois Department of Financial and Professional Regulation (IDFPR) to address the common practice of non-bank entities, such as fintechs who are misleading consumers by implying they are a "bank." A prohibition of non-bank entities purporting themselves to be banks has been in Illinois law since 1921, and IDFPR has been going after these entities, such as Chime Financial. The bill would increase the penalty for this violation from \$10,000 to \$100,000. The bill further attempts to clarify and narrow the definition of "bank" to mean an entity that accepts deposits insured by the Federal Deposit Insurance Corporation.

CBAI worked with IDFPR in support of HB 3553 and SB 2318 and they both passed out of their respective committees in the House and the Senate. However, in a

checks to be deposited into these accounts, and failing to promptly and reasonably reimburse community banks and their customers for fraud returns? In early 2025, and for the third year, CBAI surveyed its community bank members about their experience with fraudulent returns and shared that information with the federal banking regulators along with revised recommendations urging their increased involvement in addressing these pervasive and severe problems.

[Read Article »](#)



## **CBAI'S CALL ON WASHINGTON**

*May 12-15, 2025*

## **Registration is Open for CBAI's 43rd Annual Call on Washington!**

CBAI's Call on Washington will be held on May 12-15, 2025. Please plan to join us for this event to LET YOUR VOICE BE HEARD! Celebrating its 43rd year, CBAI bankers from across Illinois will be traveling to Washington, D.C., to call on their members of Congress and banking regulators to support issues of importance to Illinois community banks.

[Read More and Register »](#)

## **New Motion Filed in Interchange Fee Prohibition Act Lawsuit**

Plaintiffs' attorneys filed a motion for summary judgement in the lawsuit challenging Illinois' Interchange Fee Prohibition Act. The judge has previously issued an injunction prohibiting

move that could only be defined as the height of hypocrisy, the Illinois Credit Union League opposes the bills arguing that, because credit unions are not FDIC insured, the new definition of bank would place credit unions that use the word “bank” or “banking” in violation of the law. They proposed adding language that would include a credit union in the definition of bank. So, taxpayer subsidized credit unions don’t want to pay taxes like a bank, or be FDIC insured like a bank, but they want to be considered a bank. Although it is unclear if IDFP will call the bill due to the credit union opposition, CBAI will continue to support this commonsense legislation and oppose this latest credit union overreach.

## Two Banking Regulatory Bills Advance

**SB 1777** (Walker) is a CBAI initiative to make several regulatory updates that will allow community bankers to better serve their customers. It updates the Illinois Trust and Payable on Death Accounts Act to give a bright line on the use of the *per stirpes* designation in estate planning. It updates the Financial Institutions Electronic Documents and Digital Signature Act so that a consumer's consent to the federal electronic signatures law automatically triggers consent for the Illinois law. The bill also updates the Probate Act to give bankers a good faith reliance when relying on legal documents such as wills and letters testamentary from heirs. The bill was unanimously approved by the Senate Judiciary Committee.

CBAI also supports **HB 3467** (Avelar) that makes several updates to the Illinois Banking Act and Illinois Savings Bank Act. The bill brings more conformity between the two acts. It would also allow banks to provide data processing services for profit, invest in commodities and derivatives and hold virtual annual stockholder meetings. It updates notice requirement to allow for electronic notifications and in the case of mailings, allows banks to use first class mail instead of registered mail for some notices. It updates the law allowing loans to single females to apply to all single individuals, requires the Department to annually report the costs to administer the State CRA program and separates fees collected by the Department to regulate student loan services from bank regulation fees. The bill contains multiple other tweaks and changes. It was originally introduced a year ago and was extensively amended during the legislative process. Because of the sweeping nature of the changes, CBAI asked that the bill be held so we could have adequate time to review all of the changes and determine the impact they would have on community banks. Thank you to the

enforcement of the law for federal and foreign charter banks. State chartered banks, credit unions and payment processors are not included in the injunction. The new motion argues that because of the interconnected nature of the complex payment system, there is no way to give relief to national banks if all parties to transactions aren’t similarly exempted from the law. The motion is supported by a brief from an expert on payments outlining the interconnected nature of the payment system. The motion also asks the judge to reconsider applying the injunction to state chartered banks and credit unions. It finally asks the judge to issue an expedited summary judgement and enter a permanent injunction against enforcement of the law. The next scheduled status hearing for the case is on April 9, at that hearing the judge could set a time frame for the Illinois Attorney General to respond to the motion. At this point it is unclear if there could be a ruling in time to halt the July 1 implementation date of the law.

While CBAI is hopeful that the lawsuit will succeed, we are also pursuing potential legislative fixes. Our focus is to pursue all possible avenues to provide relief for community bankers from this flawed law ahead of the July 1 implementation deadline.

[Motion for Summary Judgment »](#)

[Expert Witness Testimony »](#)

## NOTES FROM SPRINGFIELD

Cook County Board President Toni Preckwinkle (D) announced she is running for a fifth term in 2026, saying she wants to lead the fight against the Trump administration for Cook County residents. US Senator Dick Durbin has still not announced whether he will run for another Senate term or will retire, opening the opportunity for other Democrat leaders to seek that office.

Governor Pritzker launched “Standing Up for Illinois,” a statewide campaign focusing on the Trump administration’s impact on Illinois.

A coalition of civic groups are calling for expanding the state sales tax to include consumer services in addition to products. The groups argue that taxing consumer services would generate \$2 billion annually for the state, noting that consumers are spending more on services than on goods.

Attorney General Kwame Raoul joins 22 other Democratic state attorneys general every day for a confidential video conference call to coordinate plans for pushing back against the Trump administration and

members of CBAI's Legislation and Regulation Committee who assisted in that review. The bill was unanimously approved by the House Financial Institutions Committee and now moves to the House floor for consideration.

### Franchise Tax

The Senate Judiciary Committee approved [SB 2325](#) (Martwick) that would bring the penalties for violations of the franchise tax in line with penalties for income taxes. The bill would also set a 7 year statute of limitations for franchise tax liability, similar to income taxes. In recent years, many community banks have been hit with hefty fines and penalties from the Secretary of State over the franchise tax. In many cases, the SoS will force banks to go back through decades of records to try to determine liability. Typically, this will happen when a bank is going through a transaction that requires a Certificate of Good Standing from the SoS. While the bill advanced out of committee, its future on the Senate floor is uncertain. Senate President Don Harmon called on stakeholders, including the SoS, to continue negotiations to work out compromise language to address the issue.

### Additional bills of interest that passed out of committee:

[SB 1486](#) (Aquino) creates the Illinois Junk Fee Ban Act. Under the measure, businesses (like hotels, restaurants, and live ticket companies) would be required to disclose all fees before the customer decides on the transaction. This bill was introduced last year but was never called for a final vote. CBAI has continued working with the sponsors and an amendment was filed last week that will exempt financial institutions from the new act. The bill passed out of the Senate Judiciary Committee on a vote of 6-3.

[SB 1551](#) (Stadleman) would make broker-dealers mandated reporters of financial exploitation. While CBAI opposed this mandate, we will continue working with the sponsor on language in his bill that would allow delays in disbursements from accounts and allow notification to any third parties when financial exploitation is suspected. The bill passed out of the Senate Judiciary Committee.

[HB 2568](#) (Blair-Sherlock), an initiative of the Illinois Treasurer's Office, amends the Illinois Trust Code to require a trustee of an estate to hold onto paperwork for 7 years in case of an unclaimed property issue. The

executive orders. They currently have seven cases moving through federal courts.

Former House Speaker Michael Madigan's sentencing hearing will be June 13.

### Governor Pritzker proclaims April 6-12 Community Banking Week in Illinois



The proclamation coincides with CBAI's weeklong celebration of community banking. It will be officially presented to CBAI during our Capital Conference program on April 9.



### Register Now for CBAI's 2025 Capital Conference!

CBAI welcomes community bankers from across Illinois to join together in Springfield for our annual show-of-force gathering to advocate for the community banking profession in our state's capital. **CBAI's 2025 Capital Conference is scheduled for Wednesday, April 9,**

bill passed out of the House Judiciary Civil Committee 13-7.

**HB 3021**(Rashid) amends the Consumer Fraud and Deceptive Business Practices Act to prohibit artificial intelligence (AI) commercial transactions with a consumer in which the consumer is communicating with computer technology that engages in a textual or aural conversation and may mislead or deceive a reasonable consumer to believe that the consumer is communicating with a human representative; and the consumer is not notified in a clear and conspicuous manner that the consumer is communicating with an artificial intelligence system and not a human representative. The bill passed out of the House Consumer Protection Committee 6-3.

**HB 3249** (Jimenez) creates the Right to Sit at Work Act and requires employers to provide a suitable seat to an employee when the nature of the employee's work reasonably allows for seated work. The bill passed out of the Labor and Commerce Committee 19-8.

## ON THE FEDERAL SIDE

### **CBAI Again Urges Regulators to Increase Their Involvement in Addressing Check Fraud and Reimbursements for Fraudulently Altered Returned Checks**

The consistency of Illinois community bankers' experience with check fraud begs two questions. First, why hasn't more progress been made in stopping deposit account fraud? Second, where are the regulators' supervision, examination and enforcement actions against many of the largest financial institutions holding them accountable for opening fraudulent deposit accounts, permitting fraudulently altered

**2025, and will be held at the President Abraham Lincoln Hotel in downtown Springfield, IL.** Please join us for a luncheon and legislative briefing as well as heading back to the Capitol to meet with your state senators and representatives with a focus on educating members of the General Assembly about the community banking profession and our legislative concerns. We will finish the day with a legislative reception. The fee is \$100 for your institution and covers all employees, directors and officers that you want to bring. [Register Today »](#)

## LOOKING AHEAD

### **Save the Date - Upcoming GR Events**

- **CBAI FedPac Baseball Game**

-Thursday, June 26, 2025 at 1:15 p.m. St. Louis Cardinals vs. Chicago Cubs, Busch Stadium

- **Community BancPac Auction**

-Thursday, September 18, 2025

-Welcome Reception at CBAI's 51st Annual Convention, Kansas City

### **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 cbaicom. 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.

