



NEWS FROM THE FRONT

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

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The Illinois House and Senate both have scheduled the next two weeks as breaks from the spring session. Both chambers are holding several redistricting and a few appropriations and subject matter hearings during the break.

Last Friday was the deadline for moving House bills from a standing committee, but active bills can always be amended with new language, and leadership could extend deadlines on specific bills of their choosing. The Senate extended its deadline for moving Senate bills from a first committee until April 16. So far, 622 bills have moved from House committees, and 230 from Senate committees, not counting shell bills that can be amended later.

New State CRA Requirements Become Law

Governor Pritzker signed [SB1608](#) into law. The bill is one of four bills that make up the economic justice pillar of the Black Caucus agenda passed during the lame-duck session. The new law includes a provision that prohibits any bank that receives less than a satisfactory rating on a federal CRA exam from holding any public funds. This includes all state, county and municipal funds.

The law also creates a new state CRA program that will mirror federal CRA programs and applies to all financial entities regulated by IDFP, including credit unions and RMLAs. This would impose a double CRA standard for state-chartered banks that would theoretically have to comply with both state and federal exams. While we applaud efforts to bring other residential lenders in line with regulations community banks already follow, CBAI opposed this legislation because of the uneven regulatory landscape it will create. For example, under the new law, a state-chartered bank would have two CRA exams, a federally-chartered bank would have one, and a federally-chartered credit union still would not have to comply with CRA standards.

reopening plan. The bridge phase is designed to serve as a transition period with higher capacity limits and increased business operations, without "prematurely embracing a reckless reopening." Illinois will still follow CDC guidelines and require the use of face masks during the bridge phase. The bridge to Phase 5 allows for higher capacity limits at places like museums, zoos and spectator events, as well as increased business operations.

To advance into the Bridge Phase, the entire state must reach several markers, including attainment of a 70% first-dose vaccination rate for residents 65 and over; a 20% or lower ICU bed availability rate; and a hold steady rate on COVID-19 (and COVID-like) hospital admissions, mortality rates, and case rates over a 28-day monitoring period.

To advance to Phase 5, the state must reach a 50% vaccination rate for residents age 16 and over and, over an additional 28-day period, and meet the same metrics and rates required to enter the transition phase.

To prevent a large increase in new COVID-19 cases, Illinois will revert to an earlier phase if, over the course of 10 days, the state experiences an increasing trend in COVID-19/COVID-like illness hospital admissions; a decrease in ICU bed availability; an increase in the mortality rate; and an increasing case rate.

There has been an update to current Phase 4 mitigations and the capacity limits of the bridge to Phase 5. That is, capacity limits have been redefined and expanded -- they will not count individuals with proof of full vaccination or a negative COVID-19 test (PCR) one to three days prior to an event or outing. The mitigation plan also includes adjustments to current Phase 4 mitigations, made in coordination with business leaders and health experts.

[Read More Information.](#)

Notes from Springfield

Specific details of the new state CRA program will need to be worked out in administrative rules, a process that could take years. CBAI will be fully engaged in those conversations. We've already had preliminary discussions with IDFPF and FDIC laying the initial groundwork for the process.

The governor also signed the Predatory Loan Prevention Act (**SB 1792**), which caps the APR on payday and title loans at the federally set military rate of 36%. Community banks are specifically exempted from the new law.

Special Issue Trust/Cryptocurrency

The House Financial Institutions Committee unanimously passed **HB 3968** (Croke, D-Chicago) that creates a new special issue trust designation that will be regulated by IDFPF. Banks who currently have trust powers will automatically assume the same powers as the new trusts. The legislation is intended to provide a pathway for banks to work with cryptocurrencies. CBAI supported the legislation after an agreement was reached to eliminate proposed language creating a Special Purpose Depository Institution (SPDI) charter for cryptocurrency. An SPDI charter would allow cryptocurrency companies to compete directly with community banks. The special purpose trust will allow crypt currency companies to work collaboratively with community banks. If a trust would like to seek further banking powers, it would have to go through the de novo process like any other bank. CBAI will continue to work with IDFPF to develop further details in administrative rules should the legislation further advance and become law.

Community Bank of Illinois

Representative Mary Flowers has again introduced legislation, **HB 89**, that would create a state-owned and operated bank that would compete directly with community banks. The House Financial Institutions Committee held a subject matter hearing on the legislation that included testimony from the Public Banking Institute in support of a state-owned bank. CBAI's Jerry Peck testified against the bill, noting the inherent conflict of having IDFPF regulate banks while also serving as a direct competitor. According to IDFPF, a state-owned bank would require \$13.6 billion to capitalize and \$10 million per year in operating expenses. Peck also noted the impact of our large and robust banking community in helping the state weather the COVID-19 crisis, handling forbearance, loan modifications, PPP lending, stimulus funds and the most robust refinance market in decades without missing a beat, even with mitigations in place. This is a far cry from how IDES handled unemployment insurance during the crisis, for example. He also pointed to public-private partnerships including the Treasurer's Office working directly with community banks in the Link Deposit Program as a better option for state deposits.

No vote was taken on the legislation. At the end of the hearing, it was abundantly clear that there was little interest

Mario Treto, Jr. was appointed to serve as Secretary of the Illinois Department of Financial and Professional Regulation. Treto currently serves as the director of the Division of Real Estate for IDFPF. Laurie A. Murphy, currently the deputy director of the Division of Real Estate, was appointed to replace Treto as the director of that Division of Real Estate.

The Governor vetoed **HB 3360**, (Hoffman/Harmon) which passed during the lame-duck session. HB 3360 was an initiative of the Illinois Trial Lawyers Association which allowed for prejudgment interest, rather than post-judgment interest, in civil proceedings. This week, the General Assembly passed revised legislation addressing this issue.

The Illinois Senate Redistricting Committee held its first hearing beginning the process of redrawing congressional and legislative districts. Senate President Harmon said that he expects the General Assembly to complete the process before the June 30th constitutional deadline, despite the data delay by the Census Bureau.

Representative Andre Thapedi tendered his resignation from the Illinois House, effective immediately. Thapedi announced plans to step down earlier this year.

The Illinois House approved a resolution along partisan lines to condemn Republican Representative Chris Miller for being involved in the January 6th rally that led to the violent insurrection at the US Capitol and promoting actions of an internationally recognized para-military hate group (**HR 132/Morgan**). The Legislative Ethics Commission is continuing a review of Miller's conduct.

Governor Pritzker donated \$35 million in personal money to his campaign account, signaling that he is preparing to run for reelection in 2022.

Gary Rabine, CEO of Rabine Group paving and roofing company, announced his candidacy for Governor. Rabine joins State Senator Darrin Bailey and Former State Senator Paul Schimpf as declared candidates in the republican primary.

On the Federal Side

President Signs into Law Legislation to Extend the Paycheck Protection Program

CBAI applauds President Biden for signing into law an extension of the Paycheck Protection Program (PPP). The legislation extends this vital SBA small business relief program, which is scheduled to expire on March 31st, to June 1st for new loan applications, with a final approval deadline of June 30, 2021.

The CARES Act ends this popular small business relief program on March 31st, but because many worthy applications have been flagged for various reasons, and the SBA is not clearing these holds in a timely manner,

among committee members to move the legislation forward this year.

Capital Conversations

Thank you to the community bankers who took time to make our collective voice heard, virtually. Senate President Don Harmon and Senate Minority Leader Dan McConchie joined us via Zoom to discuss the ongoing legislative session including key issues for community bankers. These are conversations CBAI usually holds during Capital Conference, but we had a modified approach because of ongoing COVID-19 limitations. We hope to organize more of these conversations in the future with state and federal lawmakers. We will continue to utilize new ways to make sure the voices of community bankers are heard in Springfield and Washington, D.C. We would also like to thank FHLB-C, CBSC and ICBA for their continuing sponsorships which allow us to make these types of governmental relations events possible.

CBAI Capital Conversations



Bill Addressing Concerns with Data Collection Privacy Law Passes Out of Committee

Legislation addressing the Biometric Information Privacy Act, known as BIPA, recently passed out of the House Judiciary-Civil Committee on a vote of 10-5. [HB 559](#), sponsored by House Minority Leader Jim Durkin (R-Western Springs), makes it harder for a claimant to file suit against businesses and emphasizes BIPA compliance by private entities rather than retribution. Since BIPA passed in 2008, thousands of lawsuits have been filed against businesses, hitting the smallest businesses the hardest. Durkin argued that the current BIPA law is outdated and has “created a cottage industry for a select group of lawyers to file class-action lawsuits against big and small employers and nonprofit agencies.” HB 559 sets forth a curing period of 30 days before an individual can initiate litigation, sets forth a defined one-year statute of limitations, limits damages, and tightens other restrictions in the current law. This bill has bipartisan support, but also plenty of opposition by those who say that BIPA, one of the strongest privacy laws in the country, is currently working as intended and would be gutted by the proposed changes. HB 559 now awaits a vote on the House floor.

CBAI Working with Secretary of State’s Office on Lien Language

The Secretary of State’s office filed legislation,

thousands of applications are at risk of being stranded and not funded simply because the clock will have run out. This extension of the PPP provides an additional 60 days for new applications and then the SBA has a full month to work exclusively on clearing any remaining holds. CBAI does not believe denying well-deserving small businesses the funds they need to survive and recover was intended by Congress.

CBAI urged both the House and Senate members of the Illinois Congressional Delegation to support this legislation and we are pleased to report that every member of our delegation voted to pass this three-month extension of the PPP.

CBAI Applauds Congressman Bost for Reintroducing the BALE Act

CBAI applauds Illinois Congressman Mike Bost (R-12) for reintroducing the Beginning Agriculturalist Lifetime Employment (BALE) Act of 2021, and Illinois Congresswoman Robin Kelly (D-02) for co-leading this important legislation, which makes this a completely Illinois-led legislative initiative.

CBAI supports this legislation because it is an important effort to increase access to financing for beginning or socially disadvantaged farmers and ranchers. Agriculture, like other industries, needs new aspirants to remain vibrant and to offset consolidation and those leaving the industry. CBAI appreciates that this program increases the maximum loan guarantee limits on USDA loans. This legislation clearly addresses the greater funding needs of beginning and disadvantaged farmers and ranchers and will help ensure their long and successful careers.

[Read Congressman Mike Bost’s News Release](#)

CBAI ACTION ALERT: Urge Congress to Support Legislation to Benefit Rural Communities

CBAI joins the ICBA in asking community bankers to urge their members of Congress to cosponsor H.R. 1977, the Enhancing Credit Opportunities in Rural America Act (ECORA). This bipartisan legislation was introduced in the U.S. House on March 17, 2021, and includes exempting interest income from taxation on farm and rural mortgage loans. This bill would allow community banks to compete more effectively against credit unions and Farm Credit lenders, and better serve their borrowers by offering lower loan interest rates.

The bill was assigned to the Ways and Means Committee, where Illinois Congressmen Darin LaHood, Brad Schneider, and Danny Davis are members. If they are your representative in Congress, hearing from you urging support for this legislation will be particularly important. [Take Action Now](#)

CBAI Urges Support for the Bipartisan Secure and Fair Enforcement (SAFE) Banking Act

SB 573, (Villivalem) to amend the Illinois Vehicle Code, which makes several changes to the Act. However, CBAI and the other financial trade associations oppose a section dealing with the perfection of security interest. The provision allows good-faith purchasers of a vehicle for value to take free of any undisclosed liens unless the purchaser has notice of such liens. As the bill is drafted, previous liens could be invalidated if the purchaser is unaware of the lien at the time of purchase. CBAI expressed concerns over this provision and asked the sponsor and Secretary of State's Office to hold the bill in committee until a meeting can be held with all stakeholders.

Tax Filing Extension

Governor Pritzker announced an extension to the state's individual income tax filing and payment deadline, from April 15 to May 17. The Illinois Department of Revenue will continue to process tax refunds for those filing ahead of the deadline. The filing extension does not apply to estimated tax payments; those remain due on April 15, 2021. Formulas to be used for estimated tax payments have been identified. Such filers can use either 100% of estimated, 90% of actual liability for 2021, or 100% of the actual liabilities for 2019 or 2020.

CBAI Urges Governor to Make COVID-19 Vaccine Available to All Essential Workers

CBAI joined the IBA in a joint letter to Governor Pritzker expressing our disappointment over the treatment of community bankers as essential workers in the state vaccination program. Community bankers have waited patiently in line, while we watched other essential workers given earlier access to vaccines. The governor's office largely ignored our pleas for details about vaccine eligibility. Then we were blindsided when he released new guidelines skipping the proposed 1c category, instead picking other essential workers to add to the 1b+ category while lumping community bankers in line with the general public.

For the past year, community banks have performed admirably under extremely difficult circumstances while being designated as essential employees by the governor's executive order. For the risks they take every day to be ignored, as workers in less risky professions are allowed earlier access to vaccines, is completely unacceptable. CBAI is urging the governor to make vaccine access available to all essential workers as soon as possible.

[Read Joint Letter](#)

COVID-19 Update

Beginning April 12th, Illinois (outside of Chicago) will expand vaccine eligibility for all individuals age 16 and over. The governor also said he will make other classes of individuals eligible for vaccinations prior to April 12th. Governor Pritzker announced a "bridge phase" between Phase 4 and 5 of the Restore Illinois

CBAI supports, and urges the Illinois Congressional Delegation to cosponsor, the SAFE Act in the U.S. House and Senate. Our stance on this issue is very clear. Without taking a position on the legalization of cannabis, CBAI supports a safe harbor from federal sanctions for financial institutions that choose to serve legally-compliant, cannabis-related business in states where cannabis is legal. Allowing these businesses access to the traditional banking system and its services, versus operating exclusively in cash, is a public safety issue.

[Read More](#)

CBAI Participates in OCC Office of Innovation's Virtual Office Hours

On March 18, 2021, CBAI participated in the OCC Office of Innovation's Virtual Office Hours. Together on the call were the OCC's Beth Knickerbocker (chief innovation officer), Brian James (deputy comptroller central division), Ralph DeLeon (director of banking relations) and CBAI's David Schroeder (SVP federal governmental relations). This virtual meeting was an opportunity for the OCC to learn about CBAI's thoughts and concerns about innovation in financial services and specific OCC initiatives.

[Read More](#)

CBAI's 39th Call on Washington 2021 – Save the Date!

Every year, CBAI invites community bankers from across the state to meet with their Members of Congress in Washington, D.C. to discuss their important challenges and opportunities. However, with COVID-19 restrictions still in place this year, CBAI invites you to come together virtually and together with the Independent Community Bankers of America on **April 27, 2021, from 10:00am to noon**, for this premier advocacy event for our industry and your community bank.

The agenda is still being developed, but we will hear from Senate Banking Committee Chairman, Sherrod Brown (D-OH). In addition, that week and beyond CBAI will be arranging Capital Conversations with members of the Illinois Congressional Delegation and you will be invited to participate.

More information will follow the first week of April.

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

If you have someone you would like to add to receive these NEWS FROM THE FRONT newsletters, please email [Stacy Workman](#) and indicate you would like for them to be added!

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CBAI U.S. Capital Conversations

