



# NEWS FROM THE FRONT

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

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## Legislative Maps

The Illinois General Assembly met for special session in Springfield on Tuesday, August 31, and passed an amended state legislative district map for House and Senate members, now based on official US Census data instead of preliminary ACS data, in [Senate Bill 927](#). Republicans argue that the Democrats again determined district lines without any GOP or public input and that even the new maps do not comply with federal Voting Rights Act requirements.

A federal court will hold a hearing on the new map to determine whether the amended map is constitutional. The federal court, if ruling that the map does not conform to federal voting right requirements, can mandate that a new map be drawn by a special master and not by the General Assembly. If that happens, the Democrats will likely file suit that the state has jurisdiction over the district maps, not the federal court, and the determination could instead lie with the Democrat-controlled Illinois Supreme Court - all meaning that the legislative maps could be far from finalized.

A map of new Congressional districts has not been approved yet.

## Energy

Despite holding a special session on maps, the General Assembly has the right to take up any other measure they need to consider and spent much of the day still negotiating a clean energy omnibus package. As noted several times, the governor's requirements for any energy bill include a 2045 closure date for the Prairie State and Springfield coal plants; zero carbon emissions for electric power plants by 2045; and adequate time to review any bill.

Senator Mike Hastings (D) introduced several amendments to House Bill 3666 throughout the day to include already agreed-upon language on subsidies to keep Exelon nuclear plants open, solar and wind incentives, social equity-based

businesses access to funds that can help offset losses due to COVID-19, bring back workers, and take continued steps to rebuild amid the fallout from the pandemic. More information is [here](#).

## ON THE FEDERAL SIDE

### IRS Reporting Plans

CBAI opposes the Biden administration's proposal to require financial institutions to report new and detailed bank account information to the Internal Revenue Service (IRS). The Administration's unprecedented proposal raises serious concerns about individual privacy and would create a significant and expensive new regulatory burden on Illinois community banks. If implemented, we believe this proposal would damage the close and beneficial relationship between community banks and their customers. We appreciate the importance of collecting income taxes, but improved compliance should first come through more effectively using the vast amount of data the IRS already collects.

Please watch for CBAI's upcoming Action Alert and encourage your board of directors, senior management, and also your customers to help demonstrate wide-spread public awareness and opposition to this misguided proposal.

### CFPB Small Business Data Collection Proposed Rule

On September 1st, the CFPB published its proposed rule and request for public comment on small business data collection (aka HMDA for small business.) CBAI has been active in this rulemaking for many years, including meetings at the CFPB, and last December CBAI responded to their request for advice and information with a detailed comment

training, and other provisions, while Democrat leaders and the governor's office continued to work out details on the plant closure issue that would appease both labor unions and environmental groups. Ultimately, the Senate passed [Senate Bill 18](#) with 36 votes in the early morning hours on Wednesday, including a goal of 100% carbon-free power by 2050.

However, the House left the Capitol before voting on the bill as Speaker Welch had stated several times that he would not pass an energy bill without the governor's approval. More negotiations are expected before the House passes Senate Bill 18, which then requires the Senate to approve any changes from the House. Legislators could meet again as early as next week. The governor's spokesperson said, "The governor's office looks forward to working with members of the House to finalize an energy package that puts consumers and climate first."

Business groups and other entities, including AARP, argue that the energy bill will assuredly raise electric power rates for consumers, residents and large manufacturers alike. AARP stated that the bill would impose a \$15 monthly increase for families and more than \$14 billion in increased customer bills during the next 10 years. An alternative analysis estimates the cost of Senate Bill 18 as passed to raise residential customers' bills by an average \$3.55 per month, \$34 per month for commercial users, and a substantial \$31,136 rise in the average industrial user's bill. Cost increases are largely due to subsidies to keep Exelon's nuclear plants open to support the state's goal towards renewable energy and away from fossil fuel-powered plants and an increase in funds to support renewable energy projects. If the bill passes both houses and is approved by the governor, Exelon must keep its nuclear plants open despite already scheduled closure dates.

### **State Banking Board of Illinois**

The [State Banking Board of Illinois](#) has not met since 2016. The board does not currently have a quorum, so it is unable to convene. Former Governor Bruce Rauner made appointments to the board, but the Senate failed to act on them. Governor JB Pritzker has not made appointments during his years in office. CBAI is working with IDFPFR in the hopes of getting the board up and running again.

We are looking for bankers who would be interested in representing community banking on this board. The State Banking Board serves in an advisory capacity and we believe it would be invaluable for the Division of Banking to have a direct pipeline to get advice and feedback from community bankers. As COVID-19 permanently changes exam procedures, the state works to implement a state CRA program, and the IDFPFR considers granting "hybrid" charters for non-banks, it would be helpful to have bankers directly involved in the decision-making process.

If you would like more information about the Illinois State Banking Board or have an interest in representing the

letter. CBAI looks forward to digesting this massive 918-page proposal and will continue to strongly advocate for the interests of Illinois community banks as this rulemaking progresses. [Read CBAI's Comment Letter to the CFPB](#).

### **CBAI Urges Limiting Novel Charters' Access to Federal Reserve Accounts and Services**

In a July 9, 2021, comment letter to the Board of Governors of the Federal Reserve System, CBAI acknowledged the significant rise in fintechs and nonbanks (novel charters) applying to the Federal Reserve for accounts and direct access to its services. However, these novel charters do not satisfy the definition of a bank because they do not offer all the required services, so they are not subject to all the appropriate laws, rules and regulations, and they are not supervised by all the appropriate federal regulators.

CBAI urged the Federal Reserve to prohibit novel charters from even being legally eligible to apply for an account and direct access to the Fed's services and limit eligibility to actual, full-service, fully-regulated, legitimate banks. CBAI urged the Federal Reserve to impose a system-wide moratorium on applications to novel charters until the conclusion of this regulatory process. In addition, CBAI urged the Fed to make certain that the appropriate and strict standards are not merely guidelines for application approvals but actual requirements that each of the Federal Reserve Banks must follow. Finally, CBAI urged the Fed to establish an audit process to ensure consistency throughout the System in the review, approval, and ongoing examination of Federal Reserve Banks to ensure compliance with these new requirements. [Read CBAI's Comment Letter to the Federal Reserve](#).

### **CBAI Urges the Federal Reserve to Reinforce and Clarify Certain Provisions in Debit Interchange Rulemaking**

In an August 10, 2021, comment letter to the Board of Governors of the Federal Reserve System, CBAI urged the Federal Reserve to reinforce the two unaffiliated network requirements which preserves at least a minimum level of competition for transaction routing to help prevent certain large payment card networks from dominating the routing of debit transactions. CBAI also urged the Fed to clarify that card-not-present debit transactions must be able to be processed on at least two unaffiliated payment card networks. Finally, CBAI urged the Fed to focus its attention and demand compliance with the regulations by all parties to debit card payments and to not increase the regulatory burden on community banks. [Read CBAI's Comment Letter to the Federal Reserve](#).

### **Federal Reserve Issues Advance Copy of the FedNow Service Readiness Guide**

The Federal Reserve has released an advance copy of its FedNow Service Readiness Guide to the members of the

community banking profession, please contact [Jerry Peck](#) for more information. We would be happy to put you in touch with current members of the board to learn more about the duties and responsibilities.

### **Private Education Loan Reporting Requirement**

Bankers who make education loans will now be required to report information about the loans to the attorney general's office under a law signed by Governor Pritzker. [PA 102-0583](#) is known as the Know Before You Owe Private Education Loan Act. The law requires reporting of information such as student enrollment status, financial assistance, cost of attendance, and specific details of each loan.

CBAI was successful in negotiating a carve-out for banks that make less than 10 loans per year. They are still required to report the number of loans they made but do not have to provide detailed information about the loans.

### **COVID-19 Update**

Saying the current vaccination rate in Illinois is not enough to stave off the Delta variant, Governor Pritzker issued [Executive Order 2021-20](#) reinstating the statewide indoor mask mandate for everyone two and older in public settings regardless of vaccination status beginning Monday, August 30th. In addition, the governor is mandating vaccines for all healthcare workers, Pre-K-12 employees, and higher education students and employees beginning September 5th. The Department of Public Health and the Illinois State Board of Education may require increased testing in certain situations. Read the governor's announcement [here](#).

### **Despite Promise of Phase-Out, Pritzker Again Extends Eviction Moratorium**

Earlier this year, Governor [JB Pritzker pledged](#) to phase out Illinois' eviction moratorium and allow enforcement of eviction orders after August 31. In an about face, the governor has extended the moratorium through September 18. A [news release](#) from the governor's office alludes that it was done in reaction to the U.S. Supreme Court ruling against the federal eviction moratoriums from the Center for Disease Control and Prevention. The governor's authority only allows him to extend his executive orders 30 days at a time.

### **Back to Business Grant Program**

The Illinois Department of Commerce and Economic Opportunity announced the \$250 million [Back to Business \(B2B\) Grant Program](#) to support the continued recovery of small businesses across Illinois. B2B will offer small

FedNow community. The guide is designed to help financial institutions and service providers that wish to implement and use the FedNow Service. The initial release of this guide includes 11 topics that provide insights into how the FedNow Service will work, questions to consider, and ideas for gaining value from the service. CBAI and the ICBA have long advocated for the Federal Reserve's FedNow Service and its swift implementation. The informed reader of the guide will quickly understand the need to plan well ahead of the rollout of this new service internally and with their various service providers, their correspondent bank, and the Fed, to process and clear these payments in real-time. [Read FedNow Readiness Guide](#).

## **NOTES FROM SPRINGFIELD**

Deputy Governor Jesse Ruiz has left the governor's administration and returned to the private sector. Ruiz oversaw the state's education agencies for the past two and half years. There is no word yet on Ruiz's replacement.

Nikki Budzinski announced she is running for congress against Congressman Rodney Davis. Budzinski served as chief of staff for the US Office of Management and Budget and was a former senior advisor to Governor Pritzker. Davis has not formally announced his reelection bid. Illinois is scheduled to lose one congressional seat as a result of the census. The State Legislature has not yet approved new congressional districts.

Attorney General Kwame Raoul announced he will run for reelection.

State House Republican Representative Tom Demmer of Dixon is still considering a statewide run for Secretary of State or State Treasurer.

Former State Representative and now Appellate Court Justice Mary Kay O'Brien will run for the Third District seat on the Illinois Supreme Court.

Former state senator and governor candidate Kirk Dillard (R) says that GOP and business leaders are asking him to run against Governor Pritzker in 2022. Dillard is currently the chairman of the Regional Transportation Authority. Dillard lost to Bruce Rauner in the Republican primary in 2014.

Former Governor Rod Blagojevich (D) is suing the state of Illinois for laws that prohibit him from running for office again after convictions and time served in federal prison, but he has not said what office for which he would like to run.



## **CBAI's Governmental Relations Team!**

