

Advocacy in an Election Year

Wednesday, January 13, 2016

2:15-3:30 pm

Jade/Plumeria Ballroom

Learning Objectives:

- Review major issues of concern to credit unions pending in the 114th Congress.
- Identify imminent regulatory issues of concern to credit unions in 2016.
- Determine what we can do to advocate for a more favorable legislative and regulatory environment in which credit unions can succeed.

Presented By:

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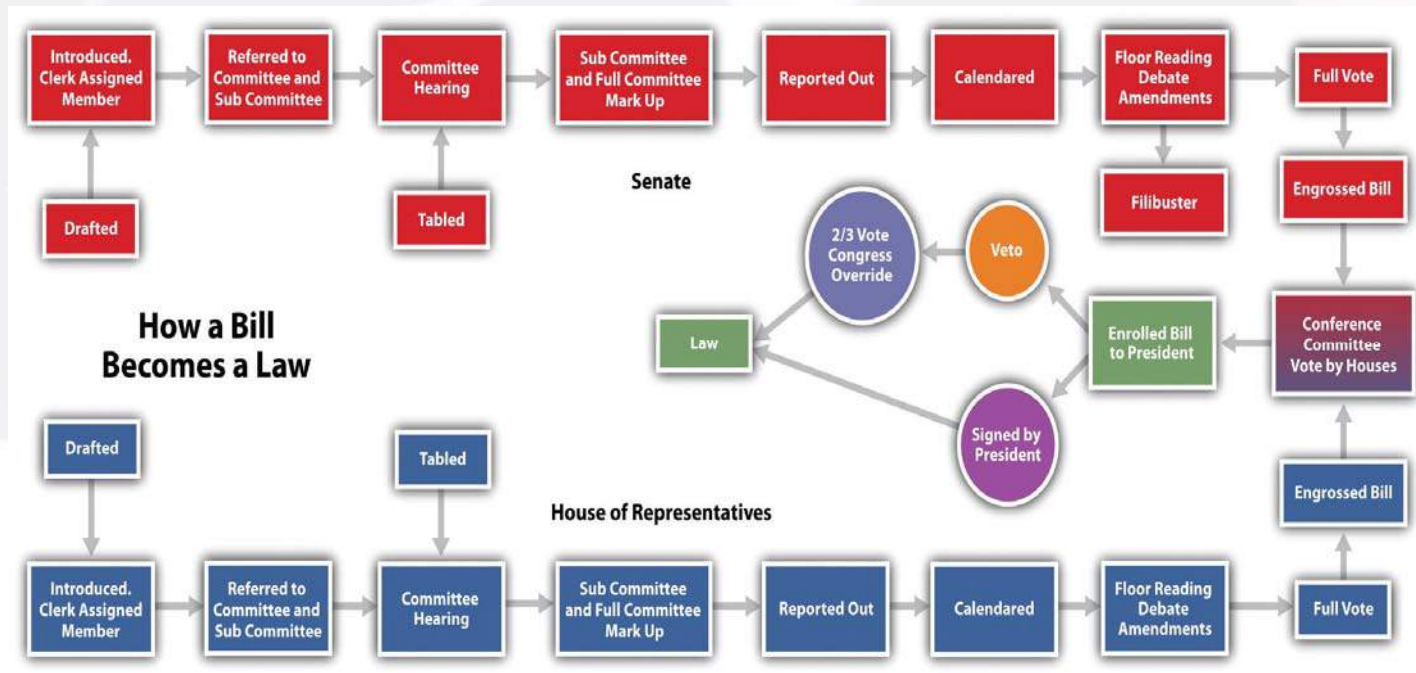
by Dennis Tanimoto
Hawaii Credit Union League

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Civics Primer

- A new United States Congress convenes biannually
 - 2016 is the 2nd session of the 114th Congress
 - 100 members of the Senate serve staggered 6-year terms
 - 435 members of the House each serve a 2-year term
- Enactment of a bill into law requires:
 - Approval of both chambers of Congress
 - Signature of the President or veto override
- Congressional approval typically needs:
 - Super majority (60 votes) to invoke cloture in U.S. Senate
 - Simple majority (218 votes) in the U.S. House
 - 2/3 vote in both chambers to override a veto



Current Lay of the Land

- Democratic administration with President Barack Obama's two-term limit expiring in January 2017
- Republican majority in the U.S. Senate
 - 54 Republicans, 44 Democrats, 2 Independents
 - In 2016, Republicans are expected to have 24 seats up for election, and Democrats are expected to have 10 seats up for election
- Republican majority in the U.S. House
 - 246 Republicans, 188 Democrats
 - 1 seat vacant – Ohio 8th congressional district

Congressional Bills of Concern Passed in Late 2015

- Surface Transportation Reauthorization and Reform Act
 - “Christmas tree” bill passed December 3 – one day before authorization for federal highway funding was to expire
 - Provisions to benefit credit unions and banks were appended
 - Modernizes privacy notification requirements
 - Allows privately-insured credit unions to join the Federal Home Loan Bank
 - Directs the Consumer Financial Protection Bureau to determine a rural area, which could impact certain products credit unions offer
- Partisan showdown on omnibus appropriations bill
 - Needed to fund federal government services, which were operating under a continuing resolution until December 11
 - Provisions to benefit credit unions and banks were appended

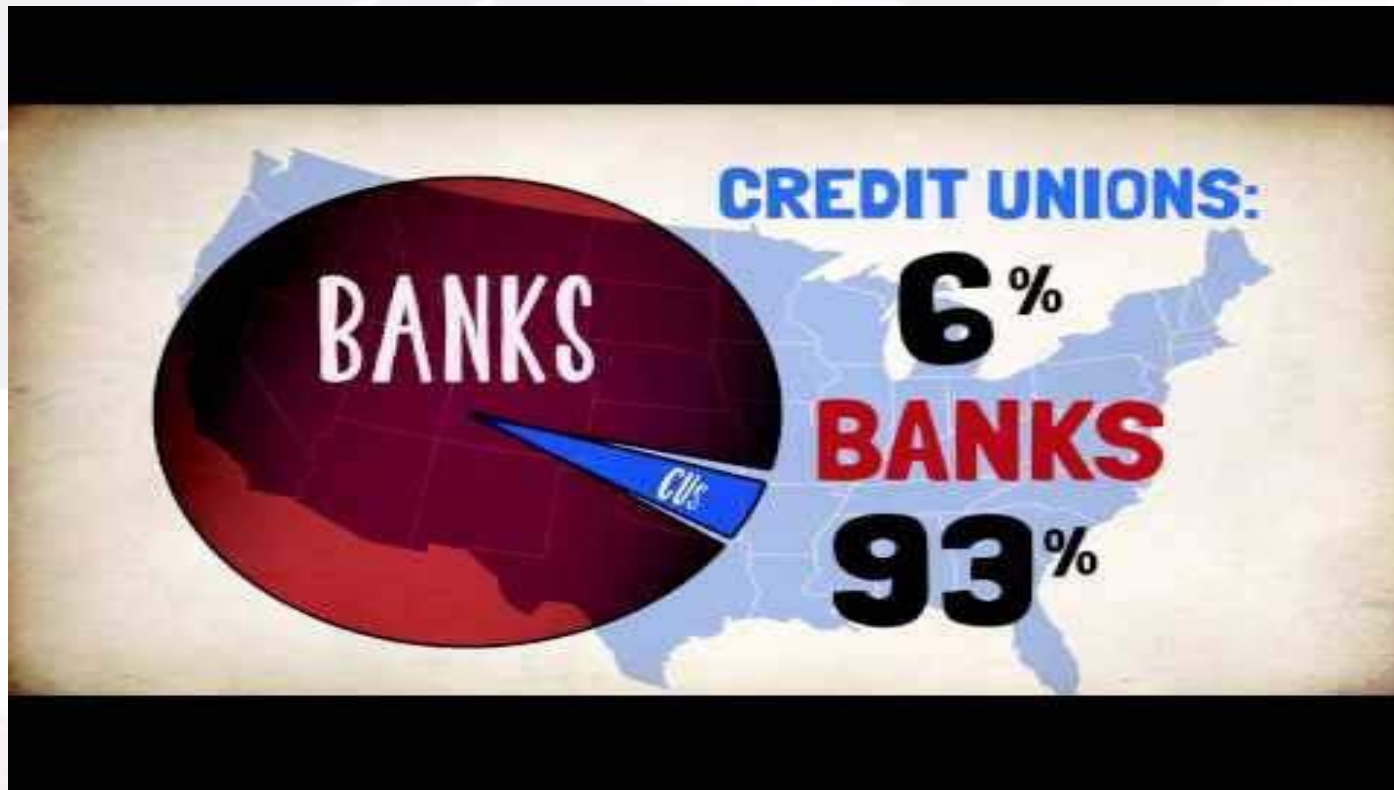
Legislative Issues of Concern

- Preserve the credit union nonprofit tax status
- Stop merchant data breaches
- Enhance the credit union charter
- Reduce regulatory burden

Preserve the Credit Union Nonprofit Tax Status

- Tax reform is being considered by:
 - Senate Finance Committee, chaired by Sen. Orrin Hatch (R-UT)
 - House Ways & Means Committee, chaired by Rep. Kevin Brady (R-TX)
- Although no congressional bill has been introduced to repeal the credit union tax exemption, credit unions must remain vigilant
- CUNA has created a Don't Tax My Credit Union website at www.donttaxmycreditunion.org

Don't Tax My Credit Union



Stop Merchant Data Breaches

Support the proposed Data Security Act (S. 961 / H.R. 2205), which:

- Provides strong national data protection and consumer notification standards with effective enforcement provisions
- Promotes robust data protection and notification standards with which banks and credit unions must already comply
- Preempts inconsistent state laws and regulations in favor of strong federal data protection and notification standards
- Clarifies the ability for banks and credit unions to inform customers and members about information regarding a breach, including where it occurred
- Shares responsibility for all those involved in the payments system for protecting consumer data, and ensures costs of a data breach would ultimately be borne by the entity that incurs the breach

Enhance the Credit Union Charter

- Lift the statutory member business lending cap from 12.25% of total assets to 27.5%
- Create credit union access to supplemental capital and add as part of net worth
- Further modernize the Federal Credit Union Act
 - Expand investment authority
 - Eliminate loan maturity limits from the statute
 - Reform bylaw regulation
 - Require public hearings on the NCUA budget

Reduce Regulatory Burden

- Support the proposed Financial Regulatory Improvement Act (S. 1484)
- Support the proposed Small Bank Exam Cycle Reform Act (H.R. 1553), with parity for credit unions
- Loosen onerous rules for mortgage loans held in credit unions' portfolios
- Reform patent litigation laws
- Seek CFPB reform
 - Increase examination threshold to financial institutions with assets over \$50 billion (currently, the threshold is \$10 billion)
 - Change leadership from a single director to a commission
 - Create more opportunities to exempt credit unions

Legislative Advocacy: What Can We Do?

- Become an advocate for your credit union
 - Attend CUNA’s GAC in Washington, D.C.
 - Participate in Hike the Hill visits to Congress or air your concerns when elected officials are home for district work periods
 - Contribute generously to CULAC and your league’s PAC
 - Get actively involved in election campaigns of those who support credit unions – remember, “all politics is local”
 - Respond to calls to action from CUNA and your league
- Get your credit union to:
 - Participate in CUNA’s Project Zip Code
 - Execute a CULAC permission agreement
 - Involve credit union membership in grassroots advocacy
 - Consider participation in CUNA’s [Member Activation Program](#)

CUNA's Member Activation Program



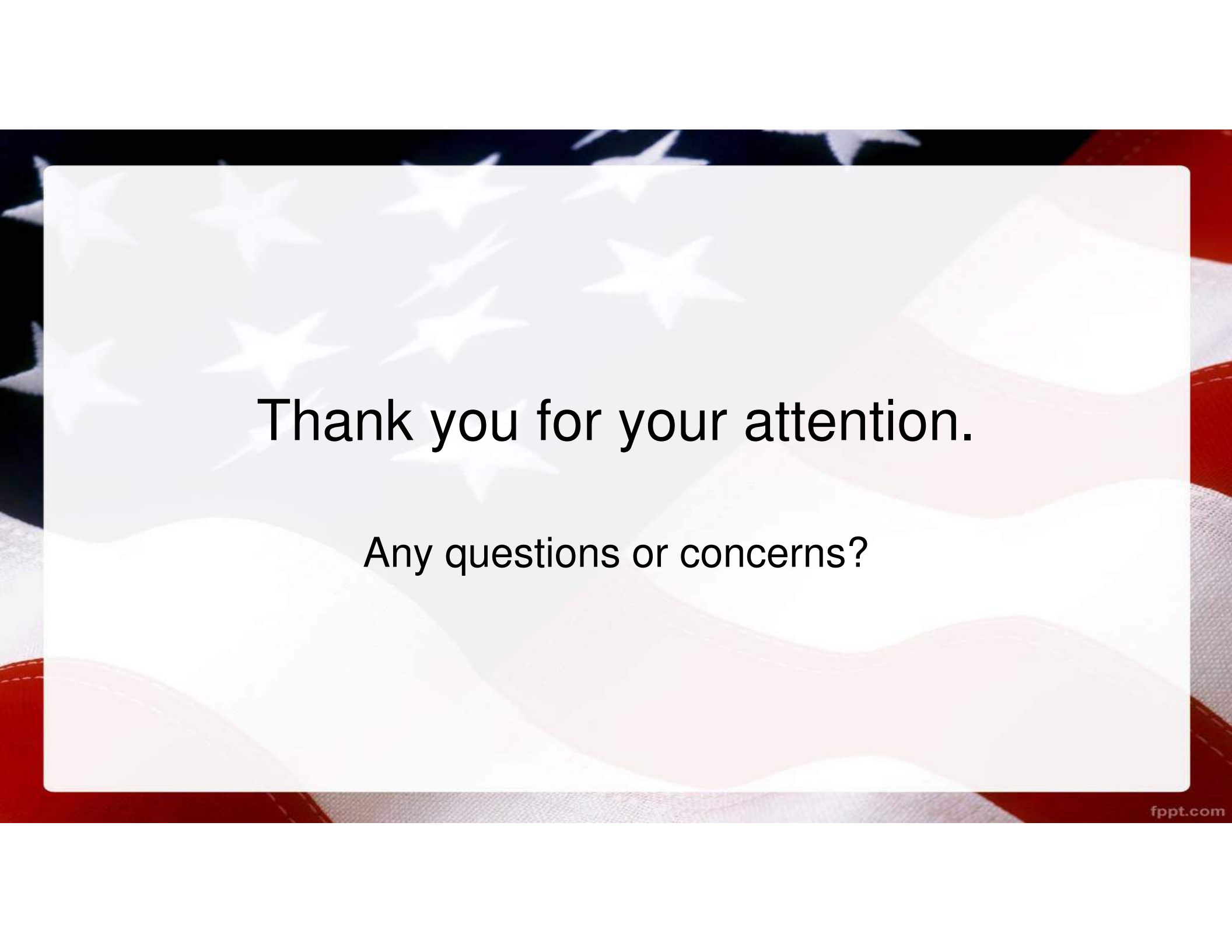
Volunteer Leadership Institute - Hawaii

Regulatory Issues of Concern

- National Credit Union Administration
 - Proposed rule on field of membership
 - Proposed rule on member business lending
 - Final rule on risk-based capital – effective January 2019
 - Current 12-month examination cycle, cybersecurity, interest rate risk, liquidity and contingency funding, small entity definition, etc.
- Consumer Financial Protection Bureau
 - Proposed changes to Regulation C – under the Home Mortgage Disclosure Act
 - Upcoming rule changes on payday loans and alternatives, overdraft practices (bounce protection), debt collection practices, contractual arbitration clauses, Regulation CC (under the Expedited Funds Availability Act), etc.

Regulatory Advocacy: What Can We Do?

- Become familiar with CUNA, league, and regulator information on proposed rules – for example:
 - Summaries posted on websites and printed in publications
 - Webinars or informational sessions
 - NCUA listening sessions
- Submit comment letter on proposed rules during the public comment period
 - Be specific – express how the rule impacts your credit union
 - Include what you like about the proposed rule
 - If there are provisions you don't like, state why and what can be done to improve the rule
- Respond to calls to action from CUNA and your league

The background of the slide is a close-up, slightly blurred image of the American flag, showing the stars and stripes. The colors are muted and semi-transparent, allowing the text to stand out clearly.

Thank you for your attention.

Any questions or concerns?