***DRAFT FOR REVIEW***

***December Capitol Comments: Year-in-Review***

Looking back at 2017, Community Bankers of Michigan with its lobbyists from Governmental Consultant Services Inc. (GCSI) focused on legislation that had direct impact on community bankers. CBM kept you informed and updated throughout the legislative session.

*Highlights for the year include:*

**CBM Breakfast Hosts Michigan Legislators**

CBM hosted a breakfast reception February 9, before the CBM first quarter board of directors meeting, held at the Governmental Consultant Services, Inc. (GCSI) offices in downtown Lansing. Over 25 lawmakers attended the breakfast that included a good contingency of the House Financial Services Committee. The Senate Banking and Financial Institutions Committee attended, as well as lawmakers representing the CBM Board members, who were not on the key financial committees.

The breakfast provided community bank leadership from around the state the opportunity to meet with lawmakers in a more informal setting, to discuss issues of mutual interest in their local communities.

***NOTE: Insert a photo from breakfast here***

**CBM Makes Presentation to House Financial Services Committee**

Members of Community Bankers of Michigan made a presentation to the House Financial Services Committee on March 29. CBM President/CEO, Mike Tierney led off with opening remarks on issues of importance to community bankers.

“While community banks and community bankers are a very important part of Michigan’s economy – they face many challenges and unfortunately the biggest challenges are not market forces they are regulatory burdens,” Tierney told the committee. “Community banks have been unfairly impacted by the deluge of regulations that followed the financial crisis. Big banks caused the problems but all banks were impacted by the ensuing tidal wave of regulations,” he added. “Big banks have the resources to rely on large compliance staffs and lots of law firms to represent them – small banks do not.”

**Legislative Panel Discussion at the CBM Annual Convention**

CBM Lobbyists Bill Zaagman and Marcia Hune moderated a legislative discussion panel at the CBM Convention that included the Chairman of the House Financial Services Committee, Diana Farrington; Representative Larry Inman, a member of the House Appropriations Committee and retired VP of Empire National Bank of Traverse City; Senate Banking and Financial Services Committee Chairman, Senator Darwin Booher; and Senate Banking and Financial Services Committee Vice Chair, Senator Curtis Hertel.

Michigan Governor Rick Snyder also spoke to convention attendees in a video message to community bankers.

***NOTE: Insert a photo from Convention legislative panel here***

**CBM Provides Committee Testimony on the Farm Loan Mediation Act**

CBM President and CEO Mike Tierney recently testified before the Senate Banking and Financial Institutions Committee in opposition to Senate Bills 516, 517, and 518 which would create the Farm Loan Mediation Act.

The legislation is being advanced by the Association for Mediators, not the farm industry. Mike told committee members that CBM is watching the bill package closely, with an eye toward making sure it does not negatively impact creditor rights.

The package is more of a priority for the community banking industry, than for big banks or credit unions. Big banks are doing very few ag loans, except for major corporate entities.

**ChoiceOne Bank Recognized by Michigan Lawmakers for National Community Bank Award**

CBM President and CEO, Mike Tierney, introduced members of ChoiceOne Bank at a recent legislative committee hearing. ChoiceOne was recognized by lawmakers for their national award from the ICBA for broadening access to mainstream financial services for underserved communities. The award exemplifies what it means to be a community bank.

Kelly Potes, President and CEO of ChoiceOne Bank along with his team discussed their program with members of the legislative committee. They explained that they are a bank in West Michigan in the heart of agricultural and farming communities. ChoiceOne serves hundreds of locally owned farms that grow apples, blueberries, peaches, among other crops. Many farms employ seasonal help from Central and South America, resulting in an influx of unbanked and Spanish speaking consumers. These communities also have many Spanish speaking permanent residents struggling to get services in Spanish.

Local farmers also struggle to find fast ways to pay their employees as a majority of them do not have U.S. bank accounts. A common way to pay employees is with paper checks, often cashed at check cashing facilities. Unfortunately, this results in employees keeping large sums of cash with them compromising their safety when crossing the border returning home.

ChoiceOne Bank saw a need to better serve these employees, provide peace of mind to local farmers, and educate consumers that are often taken advantage of because of their language barrier or lack of a bank account.

ChoiceOne also provides financial education in Spanish so these consumers can learn about their banking options and eliminate misconceptions about banking. Our ChoiceOne bi-lingual staff has performed dozens of presentations after hours, at farm locations and other small businesses to educate hundreds of employees about managing their money; explaining checking accounts, training on mobile banking, and addressing questions.

The bank established a Spanish Speaking Customer Service Line, dubbed the “Hola! Linea.” This is a direct number that rings bilingual employees and is answered in Spanish. It is available to customers that prefer speaking Spanish and used when a bilingual banker is unavailable.

ChoiceOne Bank is proud of their work to provide:

* Safe, secure ways for employees to be paid with minimal fees
* Financial education delivered in Spanish
* Spanish speaking customer service

***NOTE: Insert a photo from ChoiceOne presentation***

*Top Legislative Action in the Fall Session:*

**House, Senate Pass Scaled-Back Municipal Retirement Bills, Sent to Governor**

Local governments would need to submit a state-approved plan on how to cover their employees' and retirees' pension and health care costs, under legislation that passed the House and Senate overwhelmingly. It would require additional reporting from local governments on their funding of retirement benefit systems in an effort to curb unfunded liabilities. The bills are a scaled-back version of a plan initially proposed that would have allowed for more state intervention in underfunded communities.

As approved a state-appointed independent panel would have the power to approve a local government's plan to address its unfunded liability costs, but doesn't give the board a hammer in case the local municipality doesn't comply.

There are five stages in the process:

* Stage 1 — Under this new plan, all local governments would need to report their pension and retiree health care liability in the same way to the Department of Treasury
* Stage 2 — Treasury officials would run through the numbers and flag which of the roughly 600 local units that offer retiree benefits are not funding their pension liability at 60 percent and or funding their other post-employment benefit (OPEB) liability at 40 percent
* Stage 3 — Treasury will determine if a problem exists and if further action is needed. Communities that already have a plan in place could get a waiver from Treasury if state officials agree the locals are on the right path
* Stage 4 — If not the local unit would need to submit a corrective plan of action to a three-person Municipal Stability Board made up of a state official, a local government representative and a local employee representative The Governor would appoint all three.
* Stage 5 — A local government flagged with having a problem would need to keep submitting plans of action to the Stability Board until the Board signs off on one it believes will address the municipality's pension and/or OPEB liability.

The bills attempt to address more than $7 billion in unfunded pension liabilities and $10 billion in unfunded retiree health care liabilities within local communities by requiring financial reporting and helping local communities with underfunding issues create corrective action plans to regain their financial footing.

Estimates point to local governments in Michigan sitting at $18.8 billion in the red on their pension and retirement health care obligations. The final package lacks authority to make sure the plan is being implemented, which is a major change from the original proposal. In the first proposal, the legislation would have given the board power to sell property and move around assets to address the liability.

The main bills in the package are HB 5298, which passed 105-5, and SB 686, which passed 36-0. The legislation has been sent to the Governor.

**HB 4532 Signed by Governor Snyder, Now PA 54 of 2017**

The new law has direct impact on property records management in terms of recording marital status and transfer of property. It eliminates the requirement that marital status is stated and recorded on the document.

Sponsored by Rep. Mary Whiteford, the now PA 54 of 2017 eliminates, effective April 6, 2017, the requirement in Public Act 79 of 1915 that all written instruments conveying or mortgaging real estate, or any interest in real estate, must state whether male grantors, mortgagors, or other parties executing the instrument are married or single.

**UIA Legislation Sent to Governor**

In the week before break, the Senate and House also completed work on House Bills 5165-5172, a bipartisan package of legislation which proposes fixes to the Michigan Unemployment Insurance Agency (UIA).

The UIA has been highly criticized for incorrectly determining that 37,000 applicants for jobless benefits did so in a fraudulent manner.

Specific corrective action in the legislative package focus on:

* Addressing overpayment penalties,
* Provide assistance for those accused of fraud,
* Establish a new identity theft verification process
* New check process to verify applicants are legitimate.

The bills are headed to Governor Snyder and he is likely to sign them.

*Pending Legislation:*

**SB 635, Foreclosure Sales Fees Bill On Senate Floor, Further Action Delayed until 2018**

Introduced by Senator Vincent Gregory, SB 635 covers foreclosure sale purchases and provides a cap not to exceed $200 to be charged by a property owner designee. CBM is working on amendments with regard to liability for register of deeds.

CBM led by its lobbyists from GCSI will continue work on SB 635 into the new year with Chairman Booher and the bill sponsor, Senator Gregory.

**Driver Responsibility Fees Resolution Will Wait Until Next Year**

Action on efforts to repeal all driver responsibility fees and provide some level of forgiveness for outstanding fees has been delayed until 2018.

The legislative package attempts to forgive all of the $637.1 million in outstanding fees for more than 300,000 drivers in the state.

Citing budget concerns, Governor Snyder opposes a full amnesty. There is general agreement among lawmakers that the program, created in 2003, was unfair.

Further discussion continues.