



2020 ADVOCACY OUTLOOK

The Michigan Legislature and the U.S. Congress have now entered the second year of their respective legislative sessions, at the beginning of what might be one of the most anticipated and contentious election cycles in recent memory. This year, the Executive Branch and state Senate are not up for re-election, but the Presidential race will certainly impact races down-ticket. The full state House and all U.S. House seats will stand for election, and U.S. Senator Gary Peters faces a stiff re-election challenge. While both the state House of Representatives and Senate remained in Republican control in the last cycle, margins were narrowed and this year, only four seats separate the state House Democrats from majority. Republicans maintain confidence, but Democrats are hopeful that recent trends in Oakland and Kalamazoo Counties, along with controversy in the Traverse City seat, will propel them to victory.

Accomplishments & Agenda Items

The close of 2019 saw continued success on credit union issues at the state level. In the state legislature, campaign finance reforms favorable to credit union grassroots style fundraising were enacted. Legislation to reform state escheats laws was passed in the state Senate, to eliminate confusing and conflicting requirements related to members deployed overseas. As the year begins, we are optimistic that the state House will take these reforms on and send them to the Governor. And, the House of Representatives adopted an MCUL-led resolution memorializing Congress to enact cannabis banking safe harbor legislation. MCUL delved into appropriations for the first time, securing funding for the first year of a three-year program of grants for counties to engage in electronic recording of real property documents. While the funding was effectively vetoed along with many other items, the legislature and the Whitmer administration remain generally supportive and the MCUL is optimistic that it will be included in a current-year budget supplemental or the upcoming FY21 state budget. Additionally, funding for the “Michigan Saves” program, providing financing for energy efficient home and business upgrades, was included in Governor Whitmer’s FY21 budget proposal. Finally,

this year, MCUL has teed up initial reforms to the Identity Theft Protection Act on data breach and will be negotiating in earnest with legislators and stakeholders to begin meaningful reform.

In Congress, MCUL and CUNA continue to seek passage of a safe harbor for financial institutions to provide services to cannabis-related businesses. H.R. 1595, the SAFE Banking Act of 2019, continues to represent the best and most narrowly tailored option. The Chair of the U.S. Senate Banking Committee, Sen. Mike Crapo (R-ID), continues to question the measure though, and credit unions must continue to educate him and push our members to work across the aisle to push this measure across the finish line. Reforms to the Bank Secrecy Act have cleared the U.S. House, marking the first time in decades Congress has looked to increase reporting thresholds and make other modernizations. Finally, several versions of data privacy and security legislation have begun circulating around Capitol Hill, giving more life to rumblings that we may finally see federal efforts on data breach reform.

MCUL continues to develop and foster positive working relationships with our state and federal regulators. In Lansing, DIFS Director Anita Fox and OCU Director Denice Schultheiss continue to work very productively with credit unions on both the policy and regulatory levels. New NCUA Board Chair Rodney Hood and Board Member Todd Harper continue to be highly accessible to MCUL, as well as Michigan credit unions. As the year opens, the NCUA Board will take on key regulatory items, including credit union acquisition of bank assets and accounts and subordinated debt.

Our industry will continue to defend against assaults on overdraft protection services and attempts to subject credit unions to the Community Reinvestment Act (CRA) if they materialize at either the state or federal level. In Lansing, MCUL will oppose legislation to allow payday lenders to engage in small-dollar, longer-term installment loans as we have in sessions past. As the year begins, however, the 2020 elections

are already looming and the window for productive (and hostile) legislation is deceptively narrow.

Committee Outlook

In Lansing, the committee structure remains unchanged at the turn of the year. Sen. Lana Theis continues to chair the Senate Insurance and Banking Committee and Rep. Dianna Farrington chairs the House Financial Services Committee. The House will continue its two-tiered committee structure, with Rep. Brandt Iden helming the House Ways and Means Committee, Rep. Grant Filler chairing the House Judiciary Committee, Rep. Shane Hernandez chairing the House Appropriations Committee and Rep. Jason Sheppard chairing the House Government Operations Committee. These committees remain the only four that can report legislation directly to the House floor.

In Washington, D.C., U.S. Rep. Dan Kildee will continue to represent Michigan in House leadership and on the House Ways and Means Committee. U.S. Reps. Rashida Tlaib and Bill Huizenga serve on the House Financial Services Committee, and U.S. Reps. Tim Walberg, Debbie Dingell and Fred Upton serve on the House Energy and Commerce Committee – which is the likely battleground for any data breach reforms that surface.

2020 Elections Outlook

Federally, all 14 of Michigan's U.S. House of Representatives seats are up for election, along with the junior U.S. Senate seat. With the decennial redistricting process approaching, this will be the last elections held under the current maps. Michigan has four freshman, U.S. Reps. Elissa Slotkin, Andy Levin, Rashida Tlaib and Haley Stevens, that will be facing their first re-election test. Absent a primary challenger, Reps. Tlaib and Levin should have relatively easy re-election campaigns. Rep. Slotkin's 8th District and Rep. Stevens' 11th District are more in play politically. In the 3rd District, U.S. Rep. Justin Amash departed the Republican Party last summer and is currently serving as an independent. Assuming he runs for re-election, he will be facing a difficult task taking on both major parties' candidates that have lined up for the opportunity. In the 10th District, U.S. Rep. Paul Mitchell is retiring. Although likely to

stay in Republican hands, this primary will feature at least three candidates seeking to replace him. U.S. Sen. Gary Peters will face off against Detroit-area businessman and veteran John James. James ran against U.S. Sen. Debbie Stabenow last cycle and made the race unexpectedly close.

In Lansing, 30 seats in the state House of Representatives will be open. The current margin sits at 58-52 in Republicans' favor, meaning just four net seats are needed to flip. The Democrats will be on offense in Oakland County, which trended strongly their way in 2018, and likely in individual seats in the Kalamazoo area, Traverse City and the Upper Peninsula. Republicans will seek to defend these seats, while taking the offensive in Livonia and possibly other areas.

Looming over all these contests is the Presidential election. Michigan's Presidential Primary Election will take place on March 10. Spring elections (largely municipal) will take place statewide on May 5, the regular Primary Election is set for Aug. 4 and the General Election is Nov. 3.

Please contact MCUL's Advocacy Team with any state or federal legislative and regulatory questions, and to see how you can get involved this year. For more information, you can also check our website:

www.mcul.org/advocacy-and-outreach/advocacy-landing-page