



2019 ADVOCACY OUTLOOK

In January, the Michigan Legislature started anew, fresh on the heels of one of the most contentious election cycles and busiest lame duck sessions in modern memory. With all statewide elective offices up for grabs, Democrats swept the Governor, Lt. Governor, Attorney General and Secretary of State posts, flipped a pair of U.S. House seats and even managed to oust an incumbent Justice of the Michigan Supreme Court.

While both the state House of Representatives and Senate remained in Republican control, margins were narrowed – most notably in the Senate, where Democrats gained a single-cycle record of five seats to unlock an eight-year Republican supermajority. At the federal level, 2019 also brings divided government as the Democrats return to majority in the U.S. House of Representatives. In other words, the opening bells of this year's state and federal legislative sessions marked the start of what promises to be an even more bitterly-fought election cycle, with the state House, federal offices and Presidency on the ballot in 2020.

Accomplishments & Agenda Items

The close of 2018 brought success on credit union issues at the state level. In the legislature, laws on lienholder notification, electronic lien termination (ELT) and electronic and remote notarial acts were signed by outgoing Gov. Rick Snyder, and significant progress was made on data breach notification for consumers. Additionally, irresponsible expansion of payday lending products did not advance. These victories will clear a path to pursue further meaningful reforms in the new session on data breach, enhancing electronic mortgage recording, and credit union and CUSO powers, to name a few.

In Congress, passage of S. 2155 marked the first significant amendments for financial services in the post-Dodd-Frank era. With power changing hands in the U.S. House, however, this momentum will continue to slow amid differing policy priorities. Nevertheless, the Michigan Credit Union League (MCUL) and Credit Union National Association (CUNA) will together be pushing for meaningful reforms on consumer data breach notification, access for credit unions to the secondary market in any housing finance reforms, and much-needed modernization measures in the Federal Credit Union Act and Bank Secrecy Act.

Our industry will actively defend against assaults on overdraft protection services and attempts to subject

credit unions to the Community Reinvestment Act (CRA). These efforts are born from lack of education on the credit union mission, and in the case of overdraft, the value of these services as seen by the member. Finally, passage of a safe harbor for financial institutions to bank cannabis-related business is gaining traction and has become extremely important following Michigan's passage of Proposal 2018-1 legalizing recreational use of marijuana. From a regulatory perspective, MCUL and CUNA will advance credit unions' vision for Consumer Financial Protection Bureau (CFPB) governance and rulemaking, push a commission structure, try to fix or slow harmful rules and advocate that CFPB use its exemption authority for credit unions.

New Faces & Returning Allies

Our industry should be confident that our political position remains strong in Michigan and Washington, D.C. Despite many changes, key allies in the Michigan Legislature and U.S. Congress are returning to office, and the new, incoming leaders will create fresh opportunities for our movement.

In D.C., the Michigan delegation is rising in the new U.S. House majority. Rep. Dan Kildee has been appointed Chief Assistant Whip, Rep. Debbie Dingell will co-chair the House Democratic Policy and Communications Committee, and Rep. Brenda Lawrence will co-chair the Congressional Women's Caucus. Freshman Rep. Rashida Tlaib will join veteran Rep. Bill Huizenga on the House Financial Services Committee, and Rep. Kildee moves to the House Ways and Means Committee. The remainder of our freshman members, Reps. Elissa Slotkin, Haley Stevens and Andy Levin all appear very supportive of credit union issues out of the gate. Credit unions will continue to look to our returning members for leadership on key issues as well, including Rep. John Moolenaar on data breach and Rep. Justin Amash on the cannabis banking safe harbor.

At home in Michigan, Gov. Gretchen Whitmer also has a strong track record of working productively with credit unions during her tenure in the legislature, and she and Lt. Gov. Garlin Gilchrist II have already shown themselves to be allies out of the gate. Incoming Senate Majority Leader Mike Shirkey and Speaker of the House Lee Chatfield have likewise been very responsive to credit unions, as have Democratic Leaders Sen. Jim Ananich and Rep. Christine Grieg. Sen. Jim Stamas, a longtime ally of credit unions,

now chair the powerful Senate Appropriations Committee, and Rep. Shane Hernandez takes the reins as Chair of the House Appropriations Committee.

In the State Senate, Sen. Lana Theis chairs the Senate Insurance and Banking Committee, which is the primary committee for core credit union issues this session. Sen. Jim Runestad chairs the Senate Finance Committee, with jurisdiction over taxation – a key defensive committee for credit unions. Other panels of note include the Senate Judiciary and Public Safety Committee, chaired by Sen. Peter Lucido, and the Senate Regulatory Reform Committee, chaired by Sen. Aric Nesbitt.

The State House of Representatives unveiled a new structure under which it now reviews bills, to add more deliberation and review for bills, with a new House Ways and Means Committee. This Committee, chaired by Rep. Brandt Iden, will provide a secondary review for most bills before they report to the House floor. This new committee joins the House Appropriations Committee, House Judiciary Committee, and House Government Operations Committee as the panels that can report bills directly to the floor. These committees will add time to the legislative process, and the chairs and members will be critical to the success of credit union measures, requiring a whole new level of advocacy effort and relationship building in Lansing. Rep. Diana Farrington returns as Chair of the House Financial

Services Committee, and freshman Rep. Lynn Afendoulis has assumed the Chair of the House Tax Policy Committee. Freshman Rep. Graham Filler is the Chair of House Judiciary Committee, and third-term Rep. Jason Shepherd is Chair of the House Government Operations Committee.

In D.C., NCUA Board Member Mark McWatters' term expires in August, but he can continue to serve as a holdover until a successor is nominated and confirmed by the U.S. Senate. In mid-March, the U.S. Senate confirmed Rodney Hood to replace Rick Metsger, and Todd Harper to fill the vacancy created by former Chair Debbie Matz' retirement, and Hood was designated as NCUA Chairman in April, replacing McWatters. The CFPB is now led by Director Kathy Kraninger, and Director Anita Fox is the Director of the Department of Insurance and Financial Services (DIFS), replacing former Director Pat McPharlin. Director Fox is a Lansing-based attorney with in-depth knowledge of insurance and business matters. Likewise, Denise Schultheiss of DIFS' Office of Credit Unions (OCU) has replaced John Kolhoff as Director of the division. Schultheiss has been with the OCU since 1996 and has served as a Regional Director since 2004.

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 the MCUL.org portal "Advocacy & Outreach."

Governor



Gretchen Whitmer

Senate Majority Leader



Mike Shirkey

Freshman U.S. Representatives



Elissa Slotkin



Rashida Tlaib

Speaker of the House



Lee Chatfield



Haley Stevens



Andy Levin