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SAFE BANKING ACT PASSES HOUSE With 321-103 Vote

The U.S. House of Representatives voted in favor of the *Secure and Fair Enforcement (SAFE) Banking Act*. The legislation generally prohibits a federal banking regulator from penalizing a depository institution for providing banking services to a legitimate marijuana-related business. The bill also removes liability and subjection to forfeiture for providing a loan or other financial services to a legitimate marijuana-related business under the law.

Eleven members of Pennsylvania's delegation co-sponsored the bill — Rep. Brendan Boyle, Rep. Matt Cartwright, Rep. Susan Wild, Rep. Madeleine Dean, Rep. Dwight Evans, Rep. Conor Lamb, Rep. Mike Doyle, Rep. Mary Gay Scanlon, Rep. Guy Reschenthaler, Rep. Dan Meuser, and Rep. Chrissy Houlahan. In addition to the 11 co-sponsors, six of the seven remaining Pennsylvania representatives voted in favor of the bill for a total of 17 out of the 18 delegates supporting the *SAFE Banking Act*.

In addition to the Commonwealth's representatives' support of the bill, Gov. Tom Wolf, PA Banking and Securities Secretary Robin Wiessmann, Treasurer Joe Torsella, and Attorney General Josh Shapiro separately wrote to members of the U.S. House and advocated in favor and support of the legislation earlier this year.

PCUA advocated for the passage of the bill through committees and the full House, working closely with the co-sponsors and all members of our delegation. PCUA will continue our advocacy efforts as the bill moves to the Senate.

DEPARTMENT OF LABOR ISSUES **Final Overtime Rule**

The Department of Labor (DOL) released its final overtime rule adjusting the earnings thresholds related to the *Fair Labor Standards Act's* minimum wage and overtime requirements.

PCUA submitted a comment letter to the DOL in May on this topic. In this letter, the overwhelming majority of member credit unions supported the proposed standard salary level increase. Implementation of the 2016 rule was blocked in November 2016 by the U.S. District Court for the Eastern District of Texas.

Specifically, the final rule:

- Raises the "standard salary level" from the currently enforced level of \$455/week to \$684/week (equivalent to \$35,568 per year for a full-year worker);
- Raises the total annual compensation requirement for "highly compensated employees" from \$100,000/year to \$107,432/per year;
- Allows employers to use nondiscretionary bonuses and incentive payments (including commissions) paid at least annually to satisfy up to 10% of the standard salary level, in recognition of evolving pay practices; and
- Revises the special salary levels for workers in U.S. territories and the motion picture industry.

In addition to the overtime changes, the Department announced an intent to conduct regular updates to promote stability and avoid disruptive salary increases that can result from lengthy gaps between salary adjustments. The final rule goes into effect January 1, 2020.

NCUA EXCEPTIONS TO **Employment Restrictions**

PCUA submitted a comment letter on behalf of PA credit unions on NCUA's proposal to update and revise the Interpretive Ruling and Policy Statement (IRPS) regarding statutory prohibitions imposed by the *Federal Credit Union Act*.

Section 205(d) of the *Act* prohibits, except with the prior written consent of the Board, any person who has been convicted of any criminal offense involving dishonesty or breach of trust, or who has entered into a pretrial diversion or similar program in connection with a prosecution for such offense, from participating in the affairs of an insured credit union. NCUA proposes to amend and expand the current de minimis exception to reduce the scope and number of offenses that would require an application to the Board. The proposed IRPS would not require an application for insufficient funds checks of aggregate moderate value, small dollar simple theft, false identification, simple drug possession, and minor offenses committed by covered persons as young adults.

PCUA thanks members of its Government Relations and Regulatory Review Committees, and interested credit union's input.

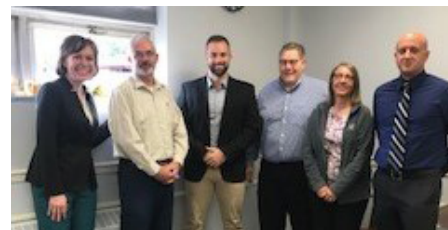
HOUSE URGED TO GIVE NCUA FLEXIBILITY **on Loan Maturity Limits**

The House Financial Services Committee is being urged to support legislation that would provide the NCUA board the flexibility to increase federal credit union loan maturity limits.

The Financial Services Committee conducted a hearing on student loan debt. PCUA supports the bill and the ways credit unions could support student borrowers if certain barriers were removed.

H.R. 1661 would grant the NCUA board flexibility to increase federal credit union loan maturities past 15 years. Currently only one state, Oklahoma, has a similar restriction on state credit unions, and there is no such limit for banks.

DAVID ROWE SWORN INTO **PA House of Representatives**



For the first time this year, every corner of Pennsylvania will have a representative in the state House. David Rowe was sworn in to represent the 85th District, which encompasses parts of Union and Snyder counties in the Susquehanna River valley. The district includes Selinsgrove and Lewisburg.

Rowe easily won a special election in August against Democrat Jennifer Rager-Kay, a UPMC doctor, and write-in candidate Clair Moyer, a registered Republican. Rowe will succeed former state representative Fred Keller, who now represents the 12th district in Congress.

HOUSE PASSES *NDAA*, **Maintains Language Benefitting CUs**

The *National Defense Authorization Act (NDAA)* for fiscal year 2020 was passed by the House of Representatives late without language that would have granted banks the same rent-free access to land and facilities that credit unions have been granted due to their not-for-profit, member-owned mission and structure. PCUA, CUNA, and other state Leagues as well as the Defense Credit Union Council (DCUC) succeeded in working with Representatives to ensure such language was kept out of the final bill. PCUA sent [this letter](#) to Rep. Chrissy Houlahan in June when the legislation was being considered by the House Armed Services Committee. The Senate passed its legislation which contains the banking language. PCUA is pressing Pennsylvania's Congressional delegation to urge the removal of this language from the final bill that is currently in conference.

PCUA PARTICIPATES IN HOUSE DEMOCRACY POLICY COMMITTEE HEARING **on Financial Capability**

On behalf of PCUA, Clearview FCU CEO Ron Celaschi joined a roundtable discussion hosted by the PA House Democratic Policy Committee about the financial security of Pennsylvanians. The discussion, led by Rep. Jake Wheatley, focused on groups that provide programs and services that assist individuals with their financial needs and capabilities.

Representatives from PA Treasury, Propel Schools Foundation, Neighborhood Allies, and the City of Pittsburgh's Office of Equity joined Ron with an open dialogue of challenges some individuals face in current banking systems and ways they are collectively working to improve the financial well-being of individuals and communities. Ron also spent time discussing the role the PA Credit Union Foundation plays in financial education and literacy efforts.

PA TREASURY'S POLICY GUIDANCE REMINDER – **Reporting Standards for Fiduciary/Retirement Accounts**

All unclaimed property stakeholders are reminded of Pennsylvania Treasury's existing Policy Guidance, Reporting Standards for Fiduciary Accounts.

In September 2016, in response to amendments made to the Commonwealth's Disposition of Abandoned and Unclaimed Property Law, Treasury issued a Policy Guidance with a particular emphasis designed to ensure that IRAs and other types of retirement account owners would not be subject to negative tax treatment as a consequence of an escheatment of retirement-related assets to the Commonwealth. This Guidance protects an account owner under the age of 59 ½, by preventing the reporting/distribution of certain retirement accounts which may otherwise be subjected to the Internal Revenue Code's 10-percent additional tax for early distributions.

Accordingly, until further notice, retirement accounts are to be reported only if either of the above requirements are satisfied. For the upcoming 2019 Holder Report Year, Treasury requests all Holders to use the following revised Form AP-1, Report of Abandoned and Unclaimed Property Verification and Checklist available [here](#).

D.C. CIRCUIT OF APPEALS GIVES CREDIT UNIONS **Victory in NCUA Field of Membership Challenge**

The D.C. Circuit Court of Appeals issued an opinion upholding almost all portions of the NCUA's field of membership (FOM) rule, which had been challenged by American Bankers Association.

In the ruling, the D.C. Circuit Court of Appeals overturned a previous opinion by U.S. District Court for the District of Columbia, thereby allowing credit unions to serve Combined Statistical Areas of up to 2.5 million people and rural districts with up to 1 million people. The circuit court left intact the lower court's holding that allowed credit unions to serve adjacent areas, but asked the NCUA to provide additional explanation for the removal of a requirement to serve the "core" of a Core-Based Statistical Area, which NCUA should be able to remedy by providing additional information to the District Court.

NCUA finalized its FOM rule in October 2016, and the American Bankers Association sued the agency in December 2016. The U.S. District Court of the District of Columbia ruled in March 2018, upholding two challenged portions of the rule and striking down two provisions.

FFIEC ANNOUNCES **Availability of 2018 HMDA Data**

The Federal Financial Institutions Examination Council announced the availability of data on mortgage lending transactions at financial institutions covered by the Home Mortgage Disclosure Act (HMDA). The data reflect loan-level HMDA data covering 2018 lending activity. A press release regarding the data is on the CFPB website. Two articles summarizing the 2018 HMDA data and recent trends in mortgage and housing markets are available on the CFPB website.

In addition, financial institution disclosure statements, MSA, and nationwide aggregate reports for 2018 HMDA data, and tools to search and analyze the HMDA data are available on the FFIEC website.

NCUA LAUNCHES NEW **DIGITAL TOOL to Help with the Chartering Process**

NCUA is encouraging groups seeking to organize credit unions to take advantage of the agency's new digital tool to help them with the charter application process. The Chartering Proof of Concept tool is an automated system that will help credit union organizers better understand the process and how to prepare a charter application. It will streamline that process by allowing the NCUA's Office of Credit Union Resources and Expansion to preview the information to be included in an application, the agency said.

REP. SUE HELM Visits PSECU

PSECU President George Rudolph hosted a meeting with Pennsylvania State Rep. Sue Helm at the credit union's headquarters in Harrisburg.

For more than 10 years, Rep. Helm has used her office to serve as a strong voice for the many residents, organizations, and businesses in her district.

LEHIGH VALLEY AREA CREDIT UNIONS MEET WITH Congresswoman Susan Wild

Lehigh Valley area credit unions met with Congresswoman Susan Wild (PA-D) at First Commonwealth FCU. The meeting provided the group an opportunity to discuss credit union issues, including holding merchants accountable for data breaches, service to members, cannabis banking, and the credit union tax exemption. Wild, a longtime member of a credit union, commended the philosophy and service of credit unions.



NCUA'S TODD HARPER Visits PA

New NCUA Board Member Todd Harper visited PCUA headquarters and addressed credit unions in Wilkes-Barre. Harper shared his priorities, philosophies, and answered questions from the credit union leaders. Harper relayed his ideas to the group on what a regulator should be by highlighting several words and phrases that make up the acronym FIRE, including: Fair and Forward-thinking; Inclusive and Independent; Risk-focused and Ready to Act; and Engaged and Efficient. He also added what he believes the focus on his service on the Board should entail. Harper's additional priorities include capital and liquidity, cybersecurity, consumer protection, small credit unions, unserved and underserved people, and minority deposit credit unions.



CREDIT UNION LEADERS & FRIENDS JOIN Congressman Brian Fitzpatrick

Credit union leaders and friends gathered for a fundraiser for Congressman Brian Fitzpatrick at American Heritage FCU. Congressman Fitzpatrick addressed the group and took questions from attendees. Conversation focused on the need of bi-partisanship and common sense regulations. Fitzpatrick, a longtime credit union friend, is a member of the Foreign Affairs and Transportation and infrastructure committees. He is the founding member of the Congressional Citizen Legislature Caucus, a bipartisan group of lawmakers committed to fighting for term limits, and Congressional reforms, and a member of the No Labels "Problem Solver Caucus." The Congressman has represented Bucks County, which now includes portions of northwestern Montgomery County area, since 2016.



UPCOMING EVENTS

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|----------------|---------------------------|-------------------------|
| November 13 | Lending to Servicemembers | Free Compliance Webinar |
| November 18-19 | Hike the Hill | Washington, D.C. |
| January 19-22 | CEO Summit | Key West, FL |