



20 23 Advocacy Report

Legislative ★ Regulatory ★ Judicial



2022–2023 WBA ADVOCACY REPORT

Advocacy is the most valuable work the Wisconsin Bankers Association does on behalf of our membership. As a banker, your priority is your customer. As your trade association, WBA's priority is to ensure there are no legislative, regulatory, or judicial obstacles barring you from serving your customer to the best of your ability. Here is what we have accomplished on your behalf over the past two years.

Legislative — Federal

The Wisconsin Bankers Association continues to be a proven leader in legislative advocacy on behalf of all Wisconsin banks. As the trade association for banks with a presence in Wisconsin, our focus is primarily on issues here at the state level. However, we do considerable work at the federal level as well given the significant impact decisions in Washington have on the wellbeing of banks here. Key legislative leaders rely on the WBA advocacy team's expertise and consult us when determining how new legislation would affect the industry.

Victories

- **IRS Reporting**
 - Successfully teamed up with our federal partners to defeat a proposal floated by the Biden Administration that would have required financial institutions to report customer transaction data to the Internal Revenue Service.
- **Omarova Nomination**
 - Successfully joined our federal partners and other state banking associations in opposing the nomination of **Saule Omarova** as Comptroller of the Currency.
- **SBA Direct Lending**
 - Successfully lobbied our delegation in opposition to a Biden Administration proposal that would have authorized the Small Business Administration to issue direct loans of less than \$150,000 under the 7(a) program.
- WBA also organized in-district meetings and Washington DC trips to meet with members of Wisconsin's Congressional delegation and regulators.

Progress

- The WBA continues to support Enhanced Credit Opportunities in Rural America (ECORA) Act. ECORA would exempt certain agricultural and rural single-family home loan income from taxation at the federal level. The ECORA legislation will be rebranded under a new name in this Congressional Session.
- The WBA continues to advocate for the Secure and Fair Enhancement (SAFE) Banking Act, which passed the House of Representatives three separate times but has yet to be passed by the Senate. The bill would allow depository institutions to legally bank legitimate cannabis-related businesses.



» WBA President and CEO **Rose Oswald Poels** and WBA member bankers meet with Congressman **Bryan Steil** (WI-01) in Washington, D.C.



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Legislative — State

The 2023-24 legislative session is just beginning. The Governor's biennial budget has been introduced and the legislative session has kicked off. WBA will continue to be a leader among trade associations in our lobbying efforts both inside and outside the State Capitol in Madison. Thank you to the WBA member bankers who provide support for our advocacy efforts through grassroots support and political fundraising participation.

Victories

- Paycheck Protection Program (PPP) state-federal tax treatment parity
- Defeated credit union powers expansion
- Defeated legislation that would have applied fees on tax portion of credit card transactions (twice)
- Defeated tax increases and substantive tax changes, including changes to broker-dealer apportionment factor. (Gov. Evers' proposed budget 2021–22)
- Defeated legislation that would have held banks responsible for elder financial exploitation.
- Defeated legislation that would have effectively forced banks to do business with any customer, regardless of the risks
- Positively influenced legislation making changes to the PACE program. (enacted last session)
- Positively influenced legislation adopting the Revised Uniform Unclaimed Property Act (RUUPA). (enacted last session)
- Supported revisions to Wisconsin's business entity statutes. (enacted last session)

Priorities

- Elder fraud prevention — While positive progress was made last session, this ultimately died in the Senate. This remains a priority for WBA during the 2023–24 session.
- Banking modernization — This will again be a priority for WBA as the 2023–24 session begins.
- Privacy — Positive progress was made on data privacy legislation last session where financial institutions and their affiliates were exempt. WBA will continue to work with the authors and stakeholders on privacy issues.

Testifying at the State Capitol



» Above: **Gary Kuter** (left), Capitol Bank, Madison, and WBA Vice President – Government Relations **Lorenzo Cruz** (right) testify in opposition to credit card interchange fees legislation.

» Right: WBA Board and Government Relations Committee member **Tom Mews** (left), First National Community Bank, New Richmond, and WBA Government Relations Committee member **Steve Eager** (right), Lake Ridge Bank, Evansville, testify in opposition to credit union legislation.



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Regulatory

In addition to lobbying our state and federal elected officials, the WBA legal team regularly files comment letters with U.S. government agencies and regulators. We often collaborate with member bankers on these letters, which serve as public input from Wisconsin's banking industry on proposed regulatory updates and policy guidance. WBA has filed 36 comments since the outset of the 117th Congress in January of 2021, including these four key letters:

March 31, 2022

• CFPB RFI Regarding “Junk Fees”

At the end of March 2022, CFPB sought comment related to fees imposed by providers of consumer financial products — referring to such fees as “junk fees.” WBA commented that Wisconsin banks are not engaged in exploitation through the use of “junk fees,” but that the financial marketplace in Wisconsin is diverse and competitive, and includes a wide variety of consumer financial products and services.



» Above: Denmark State Bank hosted Governor **Tony Evers** and members of his cabinet for a Take Your Governor to Work Day.

Take Your Governor (or Legislator) to Work Day

» Right: WBA Board Chair **Dan Peterson** (left) and **Brooke Frehse**, The Stephenson National Bank & Trust, Marinette, speak with **Senator Wimberger**, R-Green Bay (far right) during a Take your Legislator to Work Day. WBA's **Lorenzo Cruz** is pictured (center).



June 15, 2022

• SEC Climate Risk Disclosure Proposal

In early June, SEC proposed to require prescribed climate-related disclosures for investors. WBA recommended SEC withdraw its proposal and remain focused on its mission of investor protection. If, however, the proposal were to be finalized, WBA commented that SEC must significantly revise any new climate-related disclosure to be principles-based and tailored to the size and complexity of the registrant. Also, Scope 3 emissions disclosure must be eliminated, safe harbors broadened, longer implementation periods need be given, and SEC must consider any other similar prudential banking regulation and coordinate to avoid duplication.



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Regulatory

August 19, 2022

- **Revised FDIC Deposit Insurance Assessment Rates**

FDIC proposed late last summer to uniformly increase initial base deposit insurance rates by 2 basis points, beginning in 2023. While stating support of a resilient Deposit Insurance Fund, WBA commented that a 2 basis point increase was a significant cost. WBA also stated our belief that the proposal was premature as high deposit balances, created more by governmental subsidy programs than by bank-generated deposit growth, had begun to runoff. WBA stated FDIC should further monitor deposit runoff before implementing a universal assessment increase.

January 25, 2023

- **CFPB Outline of Proposals Under Consideration for Personal Financial Data Rights (a/k/a Section 1033)**

Early 2023, CFPB sought comment on its outline of proposals, which if finalized, would specify rules requiring covered persons (including banks) that are data providers to make consumer financial information available to consumers directly and to those third parties the consumer authorizes to access such information on the consumer's behalf. WBA commented that should CFPB proceed with implementation, the agency need be mindful of the complexities of data rights, and strive to achieve balance between consumer interests and protections and a workable framework for the banking industry. Wisconsin banks have long stood for privacy, security, ease, and accommodation for their customers.

2022 Capitol Day



» Above: Capitol Day attendees on the Capitol steps before afternoon meetings with state legislators.

» At left (left to right), Assembly Minority Leader **Greta Neubauer** (D-Racine), Assembly Speaker **Robin Vos** (R-Rochester), Former Senate Minority Leader **Janet Bewley**, and Senate Majority Leader **Devin LeMahieu** (R-Oostburg) discuss issues during the 2022 WBA Capitol Day.



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Judicial

Other groups may ignore or underestimate the importance of advocating judicially, but WBA understands and regularly engages in this important third aspect of advocacy. WBA, via the Boardman & Clark LLP Law Firm, filed an amicus brief with the Wisconsin Supreme Court in early 2022 seeking reversal of a Court of Appeals decision on the following case:

Marilyn Casanova v. Michael S. Polksy, Esq.

The case presents several issues for the court to determine; however, of principal concern is whether an undocumented, unrecorded lien, created by judicial fiat, has priority of a trustee's perfected first mortgage and security interests.

The case involves rights of the holder of a first position mortgage lien on real property assets to the proceeds of the sale of those assets under Wis. Stat. Ch 128 proceeding.

The Court of Appeals subordinated the right of that holder to unsecured, unperfected inchoate rights of appellants. In particular, the Court of Appeals decision upends s. 706.11, Stats., which makes clear that a mortgage given to certain types of lenders is superior to all later filed liens, other than real estate taxes and assessments.

In 2022 the WI Supreme Court accepted the case for review and accepted WBA's request to file an amicus brief regarding the matter. At time of release of this publication, the Wisconsin Supreme Court had yet to release its decision.



Legislative Update



» Above: WBA Board Chair-Elect **Donna Hoppenjan** (center, second row), Mound City Bank, Platteville and WBA government relations staff host Senator **Howard Marklein** (R-Spring Green) and Representative **Travis Tranel** (R-Cuba City) for a legislative update.

YOUR WBA Advocacy Team



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The WBA Advocacy
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GODFREY KAHN S.C.



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Advocacy is the most valuable work your association does on your behalf. Here are just a few of the areas where we advocate for you and your bank.

Legislative:

Promote pro-banker legislation or defend against anti-business legislation before Congress and the State Legislature.

Regulatory:

Work with state and federal agencies on rules affecting day-to-day activities.

Judicial:

Defend the industry in the court system to ensure fair outcomes.

Wisbankpac is the registered political action committee of WBA. Wisbankpac is the “set it and forget it” option for bankers who want to help the industry support pro-banking candidates and committees of both parties. When pro-banking candidates receive a check from Wisbankpac, it is from the PAC, and the individuals who contributed to Wisbankpac are NOT listed. Wisbankpac provides a higher level of anonymity. THANK YOU to the bankers from 95 WBA member institutions who contributed to Wisbankpac in 2022!



Contribute securely online via credit card at www.wisbank.com/advocacy, or mail a check payable to “Wisbankpac” to WBA.

The Alliance of Bankers for Wisconsin (ABW) conduit is for bankers who want to direct their personal dollars to the pro-banking candidates of their choosing. With permission from the banker, WBA forwards dollars from the banker’s money in the conduit to pro-banking candidates. The ABW Conduit TRIPLES the impact of your individual dollar by sharing the credit with you, your bank, and the state’s banking industry as a whole. Think of the ABW Conduit as your personal bank account for political giving. THANK YOU to all the bankers who made 622 individual contributions to their conduit accounts in 2022.



Contribute securely online via credit card at www.wisbank.com/advocacy, or mail a check payable to “Alliance of Bankers for Wisconsin” to WBA.



Dollars from the WBA issue advocacy fund are used to help define bank/business issues with the public. Contributions to this fund count toward Silver Triangle, Gold Triangle, and satisfy a criterion for the BIGG Award. **Corporate contributions are permitted.**

For more information on how to contribute to our three funds, please refer to the 2023 WBA Advocacy Toolkit, or contact a member of the WBA Advocacy Team shown on p. 7 of this report.