



## PRIORITY AGENDA 88<sup>TH</sup> TEXAS LEGISLATURE

### PREAMBLE

IBAT has a long and successful history of working with Legislators and stakeholders to pass a variety of bills at each session of the Texas Legislature. The Legislative Committee and Board of Directors discuss and approve the priorities of the Association for each session. This document will be updated as needed to reflect developments and issues important to community banking. At this juncture, bills impacting the issues below have not yet been introduced. Once that happens, we will include bill numbers, analysis and links for your information.

### PROACTIVE ISSUES

**Card Fraud.** IBAT was pleased to play a key role in the passage of legislation over the past two sessions to mitigate card and payment fraud. Significant progress has been made, and we are hopeful of enhancements this session to continue to improve this process. We are working closely with Texas Department of Licensing and Regulation and other interested parties to secure enhanced funding for the Financial Crimes Intelligence Center to provide additional tools for banks and law enforcement to cooperate, securely exchange information on a “near real-time” and minimize fraud events. We will also continue to support initiatives to enhance investigatory and prosecutorial protocols in this area.

**Privacy/Data Security.** We have historically engaged with various stakeholders, lawmakers and staff on data privacy legislation. Our core priorities have been to require Gramm-Leach-Bliley standards for those entities storing personally identifiable information, hold them accountable for the monetary damages resulting from data breaches and avoid any additional requirements on community banks.

**Photo ID at Point of Sale.** IBAT has long attempted to bring some accountability to merchants in validating the identity of customers, especially in the purchase of gift cards with debit or credit cards. We have encountered fierce opposition from the retailers and others. In the 85<sup>th</sup> Texas Legislative session (2017), IBAT pushed for legislation to allow a merchant to request government issued photo ID at point of sale and turn down a transaction if they so desire - in contravention of Visa and MasterCard rules. A “sunset” provision was included in the legislation as finally passed, and the original legislation will no longer be valid after September 1, 2023. Legislation is currently being drafted to extend the sunset date to September 1, 2033.



**Trustee Accounting.** IBAT supported the efforts of one of our member banks to successfully address the “Rule Against Perpetuities” at the last session. We anticipate efforts this session to shorten the timeframe for a beneficiary to challenge a “trust accounting”/statement of account and will provide support for that initiative.

**Finance Commission Agency Initiatives.** As appropriate, IBAT will support the Finance Commission agencies in their various legislative initiatives.

## POSSIBLE DEFENSIVE ISSUES

A significant amount of time and energy is expended at every legislative session fighting to kill or neutralize damaging bills. While never possible to foresee what might be introduced, there are several potential concerns anticipated in the 88<sup>th</sup> Texas Legislature:

- Residential PACE/PALL – Out of state interests have made several attempts over the past few sessions to bring residential “property assessed clean energy” (PACE) programs to Texas. At the last session, a new twist was introduced to expand this to include storm recovery and resiliency “property assessed lien loans” (PALL). These loans are made under a cooperative agreement with a taxing entity (generally a city or county); secured by an assessment lien against the property; are a super priority lien; are not subject to federal consumer protection provisions or prior lienholder notice; and are fraught with consumer abuse. We fully anticipate a well-funded replay of last session’s drama, and will be ready to do whatever necessary to keep this tawdry offering out of Texas.
- Consumer protection and “social engineering” initiatives including credit allocation, ESG, “state CRA”, foreclosure limitations, background check limits for employment, credit reporting modifications, garnishment and collection issues and others are anticipated.
- Protection of reserves and excess funds held by state bank regulatory authorities.
- A variety of issues impacting liens, retainage and creditor rights.
- Deregulation of title fees.
- Blockchain and cryptocurrency.
- Other issues as they may arise.