



MBAAL STATE HOUSE UPDATE

Weekly Recap: 2019 Regular Session (*May 24, 2019*)

Major actions – all on Tuesday afternoon – occurred this week on four pieces of legislation being tracked by the financial services industry.

1. **Gov. Kay Ivey** signed Senate Bill 106 by **Sen. Andrew Jones (R-Centre)** on Tuesday afternoon. That bill that allows members of the U.S. Armed Forces to contract with a financial institution for a loan or bank account, regardless of age.
2. House Bill 304 by **Rep. Merika Coleman (D-Birmingham)**, which allows certified real estate appraisers to perform real estate evaluations where permitted by federal law, was passed by the Senate and sent to Governor Ivey's desk. The bill was handled on the Senate floor by **Sen. Steve Livingston (R-Scottsboro)** since the Senate sponsor, **Sen. Shay Shelnett**, was absent because of his daughter's high school graduation.
3. House Bill 420 by **Rep. Kyle South (R-Fayette)**, which allows financial institutions and the Department of Revenue to voluntarily agree to data sharing agreements in order to minimize the number of garnishment notices sent by the department to financial institutions, was passed by the Senate and sent to Governor Ivey's desk. The bill was handled on the Senate floor by **Sen. Rodger Smitherman (D-Birmingham)**, who was the sponsor of the Senate companion bill to House Bill 420.
4. Most importantly, House Bill 419 by **Rep. Kyle South (R-Fayette)**, which clarifies and modernizes every facet of the FIET statutes in order to make them easier for bankers, tax practitioners, and the Department of Revenue to understand and enforce, was passed by the Senate and sent to Governor Ivey's desk. The bill was handled on the Senate floor by **Sen. Steve Livingston (R-Scottsboro)** in Sen. Shelnett's absence.

With only a few legislative days remaining in the 2019 session, Tuesday will undoubtedly turn out to be the most important day of the year for the financial services industry. Special thanks to **Sen. Jabo Waggoner (R-Vestavia Hills)**, the Chairman of the Senate Rules Committee, for putting HBs 304, 419, and 420 on the Senate's special order calendar on Tuesday. Look for next week's edition of State House update to report – fingers crossed! – that all three bills have been signed into law by Gov. Ivey.



MBAAL STATE HOUSE UPDATE

The following is a brief summary of other bills that impact Alabama's financial services industry.

House Bill 101 by **Rep. Kerry Rich (R-Albertville)** and **Senate Bill 54** by **Sen. Shay Shelnett (R-Trussville)** adopts the National Association of Insurance Commissioners' Insurance Data Security Law. Federal data security regulations already apply to financial institutions, including to those institutions' insurance-related subsidiaries. To ensure that this legislation did not also apply to those entities, an amendment exempting financial institutions was added to this bill in both the House and Senate. With the amendment intact, Senate Bill 54 was signed into law last week.

House Bill 139 by **Rep. K.L. Brown (R-Jacksonville)** would require a lender that holds all or part of a payment for an insurance claim to, upon request by the insured for payment, either issue the payment or provide a detailed notice of why the payment is being withheld and the steps the insured needs to take for the payment to be released. As currently written, the lender would have 10 days to provide information to the insured or risk paying 20 percent interest on any insurance proceeds held by the lender. This legislation is in response to issues that arose in the aftermath of the tornadoes that impacted Jacksonville and the surrounding areas last May. MBAAL is in discussion with the sponsor and other interest groups, such as the Homebuilders Association of Alabama, about the legislation and hopes a compromise can be reached, especially with respect to the timelines and interest rate. The association was successful in adding an amendment that increases the notice period to 14 days, decreases the interest rate to 10 percent, and makes clear that financial institutions retain all rights under current law and under agreements with homeowners, including the right to retain insurance proceeds when distributing them is economically unfeasible. The bill is in a position to be considered by the full Senate.

House Bill 162 by **Rep. Chris Blackshear (R-Phenix City)** and **Senate Bill 127** by **Sen. Shay Shelnett (R-Trussville)** is the Future Advance Mortgage Protection Act. As introduced, the bill would make clear that future advance mortgages are created upon their execution and not, as the state Supreme Court has ruled, when funds are actually advanced. Discussions with the Homebuilders Association of Alabama resulted in additional language being added to the bill to provide clarity on the subject of lien priority for obligatory or optional future advances. The Alabama Supreme Court's ruling from March 29 leaves financial institutions in a better position than these pieces of legislation, meaning these bills will likely not advance any further.



MBAAL STATE HOUSE UPDATE

House Bill 487 by **Rep. Neal Rafferty (D-Birmingham)** and **Senate Bill 189** by **Sen. Linda Coleman-Madison (D-Birmingham)** increases the mortgage recording fee by 33%, from \$150 to \$200 on every \$100,000 of indebtedness. The legislation also changes how the fee revenue would be distributed by providing that a portion of the revenue would be allocated to the Housing Trust Fund, which the Legislature established (but never funded) in 2012 for the purpose of distributing housing grants throughout the state. The Alabama Association of Realtors, the Homebuilders Association of Alabama, and the Alabama Bankers Association, as well as this association, stand in opposition to this legislation and will continue to work against its passage.

Senate Bill 359 by **Sen. Clay Scofield (R-Arab)** creates the Online Notary Act. The bill would provide for the Secretary of State to commission any notary public as an online notary public and adopt rules for the implementation of online notarization. This bill would provide for electronic methods to carry on the same basic functions and powers of existing notaries public and provide for criminal penalties for any violation under the provisions of the act. This bill has not yet been placed on a committee agenda, but that is expected to happen soon. At this late date, however, movement on this legislation is unlikely. Representatives of the MBAAL have been in contact with the bill sponsor as well as other interested trade groups, such as the Alabama Land Title Association. MBAAL will have a “seat at the table” when this issue is studied in the run-up to the 2020 Legislative Session.

As of the end of the twenty-fourth legislative day, legislators have introduced 1,068 bills – 641 in the House and 427 in the Senate – and 360 resolutions. So far, 225 of these measures have been enacted into law. The 2019 Regular Session can last for no more than thirty legislative days and must end on or before June 17th.

The Legislature will reconvene for its twenty-fifth legislative day on Tuesday, May 28. Though nothing is finalized, there have been discussions of the session ending next Thursday or Friday.
