

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	7 - 0 - 0
Yeas:	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Smith P., Schaufler
Nays:	0
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/7

WHAT THE MEASURE DOES: Allows credit unions to sell checks, money orders and other money transfer instruments to credit union members and to cash checks or money orders and send or receive domestic or international electronic funds transfers, and to charge fees for cashing checks or money orders and sending and receiving electronic transfers for persons eligible for membership. Limits the fee credit unions may charge for cashing checks or money orders depending on the type of transaction. Permits credit unions that have a predominantly low-income membership to accept deposits from non-members and to issue uninsured secondary capital accounts subordinate to other claims against the credit union. Authorizes the Director of the Department of Consumer and Business Services to set by rule a filing fee for the credit union's articles of incorporation and bylaws and permits credit unions to establish additional places of business for a fee that the Director can establish by rule. Removes the current statutory requirement that a credit union's charitable donations or contributions be subject to current department rules and that a member inform the credit union in writing of their intention to withdraw. Permits a credit union, rather than its board of directors, to expel a credit union member for reasons established in current statute. Permits a non-credit union member to be a guarantor or co-obligor on a loan to a credit union member.

ISSUES DISCUSSED:

- How measure allows offering some credit union services to non-members
- Whether banks have rules regarding banks whose account holders are from predominantly low-income households
- How the Department of Consumer and Business Services may determine a credit union that has a predominantly low-income membership
- Differences in check cashing fees as in HB 2202 (2007)

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Recent changes to federal law have sanctioned additional services by federal credit unions, including sale of money transfers for persons within the field of membership who are not actually members, acceptance of nonmember deposits, and issuance of secondary capital accounts at credit unions whose membership is predominantly low income. A secondary capital account is a deposit or share account not insured by the National Credit Union Share Insurance Fund or other primary share insurer and that are subordinate to all other claims against the credit union. Because credit unions with predominantly low-income members will have lower average deposit balances, allowance of the provisions in SB 592 A are considered necessary in order for the credit union to maintain sufficient funds to lend.

Additional services authorized by SB 592 A for state-chartered credit unions are consistent with the federal changes. The measure requires that any secondary capital accounts be conditioned as prescribed by the Department of Consumer and Business Services. The fee limits for check cashing in the measure are consistent with HB 2202, which prohibits charging excessive fees. SB 592 A limits the fees credit unions can charge to \$5 or between two to three percent of the check or money order's face value, depending on whether or not the check was issued by a government agency and whether the person cashing the check does or does not provide valid and current government-issued photo identification.

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This summary has not been adopted or officially endorsed by action of the committee.