

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	4 - 0 - 1
<b>Yeas:</b>	George L., Monnes Anderson, Starr, Metsger
<b>Nays:</b>	0
<b>Exc.:</b>	Deckert
<b>Prepared By:</b>	Janet Adkins, Administrator
<b>Meeting Dates:</b>	3/22, 4/11

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**WHAT THE MEASURE DOES:** Allows state-chartered credit unions to sell negotiable checks, including travelers checks, money orders, and other transfer instruments such as electronic funds transfers to persons eligible for membership whether or not they are members. Allows state credit unions to cash checks and money orders for a fee and to send and receive electronic transfers for persons eligible for membership. Limits fees charged for check cashing depending on type of check and identification presented. Allows receipt of deposits from non-members by credit unions whose membership is mostly low income and allows nonmembers to hold shares in the credit union. Allows such a credit union to issue secondary capital accounts (not federally insured) subject to terms and conditions established by the Department of Consumer and Business Services (DCBS). Allows a non-member to be a guarantor or co-obligor on a credit union loan to a member. Replaces statutory fees for certain credit union filings with DCBS with authority for DCBS to set the fees.

**ISSUES DISCUSSED:**

- Whether filing fees paid by a credit union to DCBS should be statutory
- Determination of low-income status and whether person is eligible for membership
- Need for access to more deposits
- Non-member co-obligor provision
- Federal parity and its benefits to regulators and state credit unions

**EFFECT OF COMMITTEE AMENDMENT:** Limits fees that may be charged by credit unions for check cashing: for a government check or a payroll check drawn on an Oregon bank the limit is \$5 or two percent of the of the value of the check or money order, whichever is greater (with current photo-identification), or \$5 or 2 ½ percent (without current photo-identification); for other checks, the limit on fees is \$5 or three percent (with photo-ID) or \$5 or 3 ½ percent (without photo-ID). Allows DCBS to develop criteria by rule for determining whether a credit union predominantly serves low-income members. Allows agency to set filing fee for articles of incorporation by rule. Deletes emergency clause.

**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 is 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 Senate Bill 592-A are considered necessary in order for the credit union to maintain sufficient funds to lend.

The additional services authorized by Senate Bill 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 pending legislation in the House (HB 2202).

4/16/2007 11:38:00 AM

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