76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
STAFF MEASURE SUMMARY
House Committee on General Government and Consumer Protection

MEASURE: SB 177 A
CARRIER: Rep. Holvey

REVENUE: No revenue impact
FISCAL: No fiscal impact

Action:		Do Pass
Vote:		8 - 0 - 0
	Yeas:	Cameron, Clem, Conger, Matthews, Sheehan, Smith J., Holvey, Whisnant
	Nays:	0
	Exc.:	0
Prepared By:		Jan Nordlund, Administrator
Meeting Dates:		5/3, 5/26

WHAT THE MEASURE DOES: Specifies how credit unions may invest funds not loaned to members. Reduces required frequency of meetings of credit union boards of directors from monthly to 10 times per calendar year in separate months. Allows a credit union to appoint chief credit officer in lieu of credit committee; chief credit officer is required to approve loans or designate loan officers with authority to do so under conditions prescribed by chief credit officer. Permits credit unions to make loans, under certain conditions, to president or chief executive officer, or to officers who have policymaking or credit approval authority. Allows credit unions chartered under Oregon law to merge with credit unions chartered under laws of another state in same manner as mergers between two credit unions chartered under Oregon law. Establishes procedure for credit union members opposed to merger proposal to provide information to fellow members regarding their views about the merger proposal.

ISSUES DISCUSSED:
- Investments and loans to Credit Union Service Organizations (CUSOs)
- Purpose and tax status of CUSOs
- Difference between CUSOs and associations

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Credit unions are cooperative financial institutions that are owned and controlled by members and operated for the purpose of promoting thrift, providing credit at reasonable rates, and providing other financial services to members. In Oregon, credit unions are regulated under ORS 723. Senate Bill 177-A makes several changes to statutes relating to credit unions. The measure revises the current requirement that a credit union’s board of directors meets monthly with a requirement that the board meets at least ten times in a calendar year, provided that those ten meetings occur in different calendar months. The measure replaces the allowance for appointment of a credit manager in lieu of a credit committee with an allowance for creation of a chief credit officer. Senate Bill 177-A also revises language regulating the conditions under which a credit union may make loans to the president or chief executive officer of the institution.

The measure specifies how credit unions may invest funds not loaned to members. Current statute allows up to one percent of assets to be invested in credit union service organizations (CUSOs) and one percent of assets to be loaned to CUSOs. Senate Bill 177-A increases the combined investment in and loans to CUSOs to five percent of assets.

Finally, the measure specifies that mergers between Oregon credit unions and credit unions chartered out-of-state may occur in a manner similar to that of mergers between two Oregon-chartered credit unions. The measure outlines a process by which credit union members who do not support a merger proposal may have their views disseminated to other credit union members.