

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	10 - 0 - 0
Yeas:	Barton, Fagan, Holvey, Kennemer, Matthews, Thatcher, Thompson, Weidner, Witt, Doherty
Nays:	0
Exc.:	0
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	5/20, 5/22

WHAT THE MEASURE DOES: Prescribes changes to Oregon Credit Union Act. Allows credit unions operating in Oregon to have same powers and authorities offered to federal credit unions or credit unions chartered under laws of another state. Requires credit union notify Department of Consumer and Business Services of intention to exercise parity powers at least 45 days before exercising such powers. Requires notice include description of power and statutory, regulatory, or other legal basis for use of federal credit union power. Clarifies role and function of supervisory committees and role of boards of directors. Raises cap on aggregate loan amount to one borrower from the greater of \$15,000 or 15 percent of credit union's equity to \$100,000 or 15 percent of credit union's equity. Allows board to delegate declaration of dividends without board approval. Provides protection from personal liability to director or officer who uses good faith or due care to form reasonable belief for actions in the best interest of credit union or who reasonably relies upon expert or competent and reliable outside opinions.

ISSUES DISCUSSED:

- Business judgment rule
- Parity powers to address competition from out-of-state state chartered credit unions and federally chartered credit unions
- Authority delegated to Department of Consumer and Business Services

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Credit unions chartered in Oregon are formed under the Oregon Credit Union Act, ORS Chapter 723, and are chartered and examined by the Division of Finance and Corporate Securities of the Department of Consumer and Business Services. Federally-chartered credit unions are formed under the National Credit Union Administration. Nearly 1.4 million Oregonians are members of a credit union; of those, 115,000 belong to credit unions that are not chartered in Oregon.

Senate Bill 520-A provides greater flexibility to Oregon credit unions by allowing them the same authorities and powers bestowed on federally-chartered credit unions as long as they provide notice to the Department that they intend to exercise such powers. Under current law, the Department must first make a finding before the Oregon credit union can exercise a federal power; Senate Bill 520-A eliminates this requirement.

Fewer than five out-of-state state-chartered credit unions operate in Oregon, but they may have powers not available to Oregon credit unions, giving them a competitive advantage. To ensure Oregon credit unions can remain competitive, Senate Bill 520-A allows credit unions chartered in Oregon to exercise powers available to out-of-state state-chartered credit unions after applying for and receiving approval from the Department.

In addition, the measure provides several technical and clarifying changes to the Oregon Credit Union Act.

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