

REVENUE:

FISCAL:

SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 3/4

WHAT THE MEASURE DOES: Provides that credit union may pay directors and supervisory committee members of credit union reasonable compensation for directors' or committee members' services. Removes requirement to open a share account as a condition of membership. Allows persons within the field of membership to become member based upon the credit relationship or on payment of a membership fee. Repeals requirement that any credit union that provides membership to employees of State of Oregon include foster parents in its field of membership. Modifies the definition of "immediate family" for membership eligibility to include foster parents and legally appointed guardians. Removes requirement for credit union to apply and pay fee to Director of Department of Consumer and Business Services (DCBS) to open new branches.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

(-1 amendment) Adds a thirty-day notification requirement to Director of the Department of Consumer and Business Services for opening new branches.

BACKGROUND: Senate Bill 582 allows Oregon credit unions the option to provide reasonable compensation to their directors. This change helps credit unions attract and retain qualified directors at a time when numerous circumstances make that increasingly difficult.

The measure amends current state law for membership purposes with credit unions. Current law requires a potential member to open a share account in order become a member. In some cases, a person wishes to become a member in order to establish a credit relationship (credit card, car loan, etc.) Senate Bill 582 would allow persons within the field of membership to become a member based on the credit relationship or on payment of a membership fee (if the credit union determines to do so). This avoids the need to establish a share account with a minimal balance (usually \$5 or \$25), which is costly for the credit union to maintain and serves no purpose for the member.

The measure removes ORS 723.188, which requires any credit union that serves state employees to include foster parents in its field of membership. Senate Bill 582 replaces this requirement with a definitional change that would include foster parents and legally appointed guardians in the definition of relatives eligible for membership. This technical change moves the historical provision for foster parents to the field of membership provisions, where it is a better fit, and where it applies to all credit unions rather than just credit unions that serve state employees.

Senate Bill 582 removes the requirement that the DCBS approve new branches. Federal credit unions are not subject to approval for new branches. Branch establishment remains subject to fixed asset limitations and safety and soundness considerations.

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