

STAFF MEASURE SUMMARY

House Committee On Business and Labor

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 05/22/15

Action: Do Pass.

Meeting Dates: 05/18, 05/22

Vote:

Yeas: 9 - Barreto, Barton, Doherty, Evans, Fagan, Holvey, Kennemer, Nosse, Weidner

Exc: 2 - Esquivel, Heard

Prepared By: Jan Nordlund, Committee Administrator

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 to open new branches. Requires thirty-day notification instead of application to Department for opening new branches.

ISSUES DISCUSSED:

- Bylaws are changed by directors
- Directors will decide if directors should receive compensation
- Department of Consumer and Business Services, through rule, can set compensation guidelines

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Senate Bill 582-A makes several changes to the Oregon Credit Union Act. The measure allows Oregon credit unions the option to provide reasonable compensation to their directors. This change may help credit unions attract and retain qualified directors at a time when numerous circumstances make that increasingly difficult.

The measure also changes the process for opening additional branches. Currently a credit union must submit an application and a fee to the Department of Consumer and Business Services when it wishes to open new locations. Senate Bill 582-A allows a credit union to open a branch after providing the Department a 30-day notice of its intent. The Department retains the ability to limit or restrict additional branch locations.

Senate Bill 582-A amends current state law for membership purposes with credit unions. Current law requires a potential member to open a share account in order to 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.) The measure allows 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 also repeals the statute requiring any credit union that serves state employees to include foster parents in its field of membership, replacing this requirement with a definitional change that would include foster parents and legally appointed guardians in the definition of immediate family of eligible members. 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.