

Testimony in Support of HB2161A
Submitted by: Pamela Leavitt, Northwest Credit Union Association
April 26, 2017

Good afternoon Chair Beyer and Members of the Committee, my name is Pam Leavitt and I represent the Northwest Credit Union Association. The Northwest Credit Union Association represents the 65 state and federally-chartered credit unions in Oregon, with 2 million Oregonians as members. Today, you will be hearing HB2161A which updates the Oregon Credit Union Act in several areas. Before our panel goes over the bill, I wanted to give you a little background on credit unions.

Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. They are democratically owned and controlled institutions, based on the “people helping people” principle. Each credit union is governed by its members. The membership elects directors and officials who establish the policies under which the credit union operates. Over 41.7 percent of Oregonians are member-owners of their credit unions, and you will find them in every walk of life. With more than 2 million members, Oregon credit unions strive to preserve a legislative climate that recognizes their unique structure and mission.

As locally-owned, not-for-profit financial institutions, a credit union's social mission is as highly valued as its financial mission. Community service, financial education outreach and philanthropy are in the credit union DNA and are evidenced in virtually every credit union branch and office. Credit unions invented the concept of financial institutions as “People Helping People.”

Credit unions’ tax structure has proved its worth and withstood challenge after challenge by the banks. Organizations receive tax exemptions because it is determined by state and federal officials that the organization’s benefit to citizens exceeds the benefits collected by taxes and relieves the government of providing services. State and federal lawmakers have repeatedly upheld the cooperative, not-for-profit tax structure of credit unions and have rejected attempts to limit consumers’ opportunities to join not-for-profit financial services cooperatives such as credit unions.

Credit unions generate and return value directly to their member-owners. Credit union members receive benefits because of the cooperative, not-for-profit, member-driven structure, which produces lower fees, higher interest rates on savings and checking accounts, and lower interest rates on loans compared to for-profit bank customers.

Economic Impacts of Oregon Credit Unions*

Direct Member Benefits. The \$159 million in direct financial benefits that 1.97 million Oregon members received last year from their cooperative credit unions generated an additional \$161 million in total economic impacts. The direct member benefits are calculated by accounting for differences in not-for-profit credit union and for-profit bank pricing. Because of the cooperative structure, credit union members enjoy such things as lower account fees, higher interest rates on savings and checking accounts, and lower interest rates on loans.

Jobs and Income. Credit unions in Oregon provided 5,845 family wage jobs. Every credit union job supports two additional jobs in the Northwest economy.

Economic contribution. This represents all sales and other operating income occurring in the study area (inclusive of supply chain purchases and compensation of employees). Oregon credit unions generated \$2.2 billion in total gross economic activity.

Loans. Credit unions' lending to working-class Oregonians puts them in houses, helps them start small businesses, and provides transportation to jobs. According to data from the National Credit Union Administration, as of September 2016, Oregon credit unions had granted 420,499 auto loans, 5,258 business loans, and 83,277 home loans.

*2016 Report from ECONorthwest