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TESTIMONY IN SUPPORT OF HB 2426
Before the House Committee on Business and Labor

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Good morning Chair Barker and members of the committee. My name is Harold Scoggins. I am an attorney with Farleigh Wada Witt, outside counsel for the Northwest Credit Union Association. Our firm also represents many individual credit unions throughout Oregon, Washington, Idaho, and across the U.S. I appreciate the opportunity to talk with you today about HB 2426. I will provide some brief comments on legal aspects of the bill and will be happy to answer questions.

HB 2426 is a result of the Northwest Credit Union Association's continuing efforts to improve and modernize the Oregon Credit Union Act to strengthen the attractiveness of the Oregon state charter for credit unions and to better address current operational, regulatory, and governance issues facing credit unions. The bill is not long. It makes three changes to the Oregon Credit Union Act that will provide opportunities for credit unions to enhance corporate governance practices, help credit unions remain nimble in providing financial services, and clarify certain provisions.

Section 1: Terms of Board Officers

The length of terms of office for board officers is currently set in the statute at one year. Section 1 changes that, permitting credit unions to determine for themselves the terms of officers. This is simply a matter of greater flexibility in corporate governance, and is consistent with the approach taken in the Business Corporation Act (ORS Ch. 60) and the Nonprofit Corporation Act (RS Ch. 65).

Section 2: Update to Parity Provision

The Credit Union Act includes a provision intended to grant Oregon state chartered credit unions powers and authorities available to federally chartered institutions and institutions in other states even if those powers and authorities are not expressly stated elsewhere in Oregon law. To avoid an unconstitutional delegation of legislative authority, this provision has a "strike date" – essentially, an "as of" date by which a power must be available to a federal credit union or credit union from another state in order to be covered by the statute. If a power becomes available to a federal or out of state credit union after the strike date, the Oregon chartered credit union must seek approval from the

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Department of Consumer and Business Services before exercising that power. Section 2 of the bill updates the “strike date” for exercise of the parity powers. Updating the strike date is simply a legislative “best practice” that should be included in any amendment to the Credit Union Act.

Sections 3 and 4: Virtual Meetings

Credit unions are owned by their members, and the members have a say in electing directors and in other matters. Sections 1 and 2 make simple changes to the requirements for member meetings, deleting the requirement that they be held at a particular place. This will permit credit unions to use technology to make member meetings more convenient by holding electronic meetings (i.e. through online video or audio capability). This can allow increased member participation for credit unions with members spread over wide areas, and for members that may find it difficult to attend meetings in person due to scheduling constraints, travel limitations, or health issues.

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