

Testimony on HB4033
Submitted by: Pamela Leavitt, Northwest Credit Union Association
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Good afternoon Chair Lively and members of the committee, my name is Pam Leavitt and I represent the Northwest Credit Union Association. We appreciate the opportunity to provide background on small business lending and we support the goals of this legislation. Oregon's small businesses are the engine of growth in the economy. Access to capital for small business owners is a priority for credit unions in Oregon, and we are pleased to share information with you about how we serve in this area.

Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. They are democratically owned and controlled institutions, governed by its members. Oregon's 59 credit unions serve over 2 million members – your constituents. Credit unions provide the financial services consumer need and want – home loans, car loans, business loans, savings and checking accounts, financial counseling and financial education programs.

Oregon's credit unions currently have nearly \$1.3 billion invested in their members' business loans—funding that helps keep Main Street businesses competitive, helps the businesses to grow, and to hire more people.

As member-driven, not-for-profit cooperatives, credit unions are providing access to business loans for women, people of color, veterans, and rural entrepreneurs. Our recent Community Impact Report documented some 25,000 special empowerment loans helping Oregonians, including small business owners.

For example:

- Lending from Old West Federal Credit Union helped Stephanie Rovey build Grand Ronde Dairy in Union, Oregon-- one of the most innovative dairy farms in the nation. Grand Ronde is using new technology to milk about 700 goats which provide goats' milk to the nationally famous Laura Chenel goat cheese brand.
- Sara Rodriguez, a mother of five, often sold tamales to help support her family. A loan from Portland-based Point West Credit Union helped her to build a tamale business that now has five employees. Sara's future plans include a bricks and mortar restaurant.

- Gabe Court and Alex Glover are veterans who served this country. Who would serve them when they needed a business loan to open a motorcycle shop? Their funding came from a partnership between a credit union lending initiative called Business Impact Northwest, Rivermark Credit Union in Portland, and the SBA.
- A Eugene credit union member named Jessica Hufford knows what it's like to have severe food allergies. She opened a healthy restaurant to serve people like herself, thanks to a loan from Northwest Community Credit Union.

Credit unions have demonstrated that they can do small business lending safely, and they continued to support their members during the Great Recession, when other lenders pulled back. Currently, the average business loan from an Oregon state-chartered credit union is approximately \$433,000 meaning these loans are generally helping the underserved market of smaller businesses.

Credit unions have been making member-business loans (MBLs) since their inception in the early 1900s. In the first 90 years of their existence, there was no cap on business lending. The current cap was imposed by Congress in 1998 after negotiations on a membership issue. This arbitrary cap limits most credit unions to lending no more than 12.25% of their assets to small businesses without any economic, safety and soundness, or historic rationale.

Credit unions have been working with their state regulators, federal regulators, and legislators, to allow expanded business lending portfolios, so members on Main Street can have access to the capital they need. In fact, Oregon credit unions are significantly increasing their business lending portfolios which grew by 15% last year.

Oregon credit unions remain committed to small businesses.

Thank you,

Pam Leavitt
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