

HB 3079 -1 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/22, 3/22

WHAT THE MEASURE DOES:

Makes changes to Oregon Credit Union Act. Expands opportunity to become a member by removing restriction that the credit union serve *a* well-defined *local* community, neighborhood, or rural district, and instead allow members from *one or more* well-defined communities, neighborhoods, or rural districts. Allows Director of the Department of Consumer and Business Services to approve a merger without regard to common bond differences between the credit unions if one is insolvent or in danger of insolvency and specified conditions are met, including that the public interest would best be served by allowing the merger to occur. Broadens type of stock, membership units, or ownership interest in which a credit union can invest up to five percent of assets. Allows state credit union to exercise the same powers available to federal credit unions as of the effective date of this Act without approval of Department of Consumer and Business Services.

ISSUES DISCUSSED:

- Expanding membership base credit unions can serve
- Tax exempt status of credit unions
- How profits are returned to credit union members
- Existing geographic limits to a "community" credit union
- Extent that underserved communities are served by credit unions as compared to banks

EFFECT OF AMENDMENT:

-1 Removes proposed expansion to field of membership.

No revenue impact; No fiscal impact

BACKGROUND:

Credit unions are not-for-profit financial cooperatives that return benefits to their members in the form of lower fees, higher interest rates on savings and checking accounts, and lower interest rates on loans. Credit union members elect directors and officials who establish the operational policies of the institution. Credit unions in Oregon may be chartered under federal laws, the laws of another state, or Oregon laws.

A credit union may serve members 1) who have a common bond of occupation or association, 2) or people who live or work in, or organizations located within, a well-defined local community, neighborhood, or rural district. House Bill 3079 expands membership to include those within a geographic field-of-membership area consisting of "one or more" well-defined communities, neighborhoods, or rural districts.

A credit union is allowed to invest up to five percent of its assets in stock, membership units or ownership interests in, or loans, to a corporation, limited liability company, or mutual association if the entity is "primarily" (i.e., majority) owned by credit unions or credit union organizations (CUSOs). House Bill 3079 deletes the requirement that the entity invested in be primarily owned by a credit union or CUSO.