

HB 3079 A STAFF MEASURE SUMMARY**Carrier:** Rep. Grayber**House Committee On Business and Labor****Action Date:** 03/22/21**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 10-0-1-0**Yeas:** 10 - Bonham, Breese-Iverson, Bynum, Clem, Evans, Fahey, Grayber, Holvey, Post, Witt**Exc:** 1 - Boshart Davis**Fiscal:** No fiscal impact**Revenue:** No revenue impact**Prepared By:** Jan Nordlund, LPRO Analyst**Meeting Dates:** 2/22, 3/22**WHAT THE MEASURE DOES:**

Makes changes to Oregon Credit Union Act. Allows Director of the Department of Consumer and Business Services (DCBS) 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 the DCBS Director.

ISSUES DISCUSSED:

- Expanding membership base a credit union 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:

Removes proposed expansion to a credit union's field of membership.

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. House Bill 3079-A provides state-chartered credit unions the same powers that are available to federally chartered credit unions as of the effective date of this Act without approval of the director of the Department of Consumer and Business Services (DCBS).

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 organizations of credit unions (CUSOs). House Bill 3079-A deletes the requirement that the entity invested in be primarily owned by a credit union or CUSO.

Under current law, a state-chartered credit union can merge with another credit union under the existing charter of that credit union, with the approval of the DCBS Director. Given the statutory limits as to who can be a member of a particular credit union (i.e., the credit union's field of membership), the merged credit union's field of membership must be compatible with the credit union it is merging with. House Bill 3079-A allows the DCBS Director to approve the merger of two credit unions without regard to their fields of membership if one credit

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union is insolvent or is in danger of insolvency and if additional specified criteria are met.