

HB3079 TESTIMONY

*Before the House Business
and Labor Committee*

February 22, 2021



PAM LEAVITT

Policy Advisor



BACKGROUND ON OREGON CREDIT UNIONS

- 57 state and federally chartered credit unions serve every county in Oregon
- 2.25 million Oregonians are credit union members
- Oregon credit unions protect \$30 billion in assets
- No matter what the size and charter, remain the same today as they did when the Federal Credit Union Act became law in 1934: credit unions are not-for-profit cooperatives that serve defined membership, and cannot issue capital stock
- It is the structure and mission of credit unions that is the bedrock upon which their tax structure is based. It has nothing to do with credit unions' membership size, financial assets, or products offered.
- Community service, financial education, and philanthropy are part of the credit union “DNA”

SUPPORT FOR MEMBERS DURING COVID

- Credit unions provided flexibility when members most needed it
 - Options to skip loan payments
 - Mortgage forbearances
 - Credit card payment deferrals
 - Zero interest loans
 - Emergency loans
- Oregon credit unions waived more than \$4.4 million in fees to help members through pandemic

SERVING SMALL BUSINESS

- Four credit unions helped to distribute Oregon's CDFI Emergency Grants to Small Business, providing 568 grants totaling \$2.8 million
- Grants were intended for businesses with fewer than 25 employees, sole proprietorships, rural and minority owned businesses
- Credit unions delivered; 55% of grants went to sole proprietorships, 35% to minority owned businesses, and 66% to Women
- Oregon credit unions funded 6,383 businesses with Paycheck Protection Program loans totaling \$237 million. The average loan amount was just \$37,217



STATE EMERGENCY CHECK PROGRAM

- E-Board funded \$35 million to Emergency Check Program
- Financial institutions (80% were credit unions) stepped up to develop and execute this program
- In 2 ½ days, the program allocated all of the funds
- Of the \$35 million set aside for 70,000 Oregonians, \$30.5 million was distributed by credit unions to 60,575 Oregonians

HAL SCOGGINS

Farleigh Wada Witt

Counsel to:



UPDATE AND CHANGES - HB3079

Section 1 - Update to Parity Provision

- “As of” date for the powers granted by parity with the Federal Credit Union Act prevents unconstitutional delegation of legislative authority
- Update strike date (“as of” date) in the Act’s federal parity provision whenever Act is updated

UPDATE AND CHANGES - HB3079

Sections 2 & 3: Membership Eligibility

- Current community membership concepts outdated and unclear
- Changes in delivery of financial services and related consumer expectations require adjustments to community field of membership approach
- The term “local” is ambiguous and inappropriate in today’s market. Deleting it will clarify DCBS approval process for all parties and allow focus on services and community need
- Permit service to multiple communities (similar to multiple occupational groups or associational groups)

UPDATE AND CHANGES - HB3079

Section 4 - Emergency Mergers

- On rare occasions, a credit union that faces an unsustainable future, may need to merge into a healthy credit union
- Current Oregon statute requires ongoing credit union to abandon merging credit union's field of membership unless it would otherwise qualify for addition to ongoing credit union's field of membership
- Change allows ongoing credit union to continue service to merging credit union's field even if otherwise unavailable

UPDATE AND CHANGES - HB3079

Section 5 – Credit Union Service Organization’s (CUSO’s)

- Credit unions cannot invest in a company unless it:
 - Primarily serves credit unions or their members; and
 - Has greater than 50% ownership by credit unions.
- Example: Credit Union Direct Lending (CUDL)
 - helps more than 1,100 credit unions and nearly 15,000 auto dealers
 - Process convenient, affordable vehicle loans to consumers.
- Eliminates majority credit union ownership requirement
 - Syncs OR requirement with federal requirement and other states
 - Allows OR credit unions to partner with innovators who want to retain control of product

VERONICA ERVIN

Senior Vice President

OnPoint[®]

COMMUNITY CREDIT UNION



ONPOINT COMMUNITY CU TALKING POINTS

- OnPoint sought new opportunities to support our members and other Oregonians during 2020.
- We allowed members to skip more than 19,000 loan payments, deferred more than 16,000 credit card payments, provided 2,400 emergency assistance loans (0% interest, deferred repayment), processed more than 1,000 mortgage forbearances, and funded approximately \$84 million in (PPP) loans.
- We processed over 23,700 emergency relief payments on behalf of the State of Oregon for members and non-members who needed help meeting immediate, critical needs in August 2020. Recognizing that people of color have been disproportionately impacted by COVID and the financial repercussions, our actions helped make a significant impact on our members' livelihoods.
- These efforts took priority above all else as we considered the crises of 2020 our call to action. **It's our not-for-profit cooperative status that drives us, and allows us, to do these things.**

ONPOINT CCU COMMENTS ON HB3079

- Supports consumer choice in financial services providers, and broader access to credit unions by reducing artificial geographic barriers. It allows credit unions to serve people in areas of the state that today have fewer options for obtaining the products and services they require.
- Opens the door for credit unions to extend our “people helping people” core philosophy to more Oregonians and their communities.
- Allows credit unions to invest in, and potentially influence, a broader array of service organizations that can provide innovative financial product solutions for credit union members.

TROY STANG

President/CEO



CONCLUDING REMARKS

- This request for a modernized field of membership framework, considers new technology and new ways that people handle their financial services transactions.
- The bill will allow credit unions to ask their Regulator for a field of membership access that best fits their credit union and their members.
- It's time for the Oregon credit union charter to evolve in step with the operating environment for credit unions in other states and at the federal level. We share the goal of keeping Oregon an attractive place to anchor these cooperative, member-driven charters.

THANK YOU

Pam Leavitt

pleavitt@nwcua.org

