HB 2161 -1 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/1, 2/8

WHAT THE MEASURE DOES:

Allows amendments to credit union bylaws and articles of incorporation to become effective automatically 30 days after submission to Director of Department of Consumer and Business Services (DCBS) unless Director disapproves or requires additional information. Allows credit union to expel member who creates undue risk. Allows DCBS Director to set minimum frequency of meetings of credit union's board of directors. Allows state chartered credit union to exercise powers available as of January 1, 2017, to credit unions operating in Oregon when federally chartered or chartered by another state.

ISSUES DISCUSSED:

- Process credit unions followed to develop amendments to Credit Union Act
- Desire to have different process to amend bylaws
- Meaning of "undue risk" created by credit union member that can lead to expulsion
- Position of regulating agency (Department of Consumer and Business Services)

EFFECT OF AMENDMENT:

-1 Require credit union's amendment to articles of incorporation be approved in writing by DCBS Director before becoming effective.

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. Members of a credit union elect directors and officials who establish the policies for operation. Approximately 42 percent of Oregonians are credit union members.

Under current law, a credit union may amend their bylaws or articles of incorporation upon written approval from the Director of the Department of Consumer and Business Services (DCBS). House Bill 2161 allows amendments to the bylaws or articles of incorporation to become effective 30 days after submission to the DCBS Director, who has authority to disapprove the amendment or require additional information within the 30-day period.

A credit union may expel a member for a number of stated reasons, including the habitual neglect of paying debts or the harassment of other members, employees, or board members. House Bill 2161 adds creation of undue risk of loss to the credit union as a reason for which a credit union member may be expelled.

Current law requires the board of directors of a credit union to meet at least ten times during a calendar year, and each meeting must be in a separate month. House Bill 2161 deletes the minimum frequency of meetings from statute and authorizes the Director of DCBS to adopt administrative rules regarding frequency of meetings.

A credit union chartered in Oregon may exercise the powers available as of January 1, 2013, to federal credit unions or credit unions chartered by other states that operate in Oregon. A credit union must receive written approval from the DCBS Director before exercising such powers. House Bill 2161 updates the trigger date in this parity provision to January 1, 2017.