HB 3200 A STAFF MEASURE SUMMARY

Carrier: Sen. Taylor

Senate Committee On Labor and Business

Action Date:	04/18/23
Action:	Do pass the A-Eng bill.
Vote:	5-0-0-0
Yeas:	5 - Bonham, Hansell, Jama, Patterson, Taylor
Fiscal:	Has minimal fiscal impact
Revenue:	No revenue impact
Prepared By:	Whitney Perez, LPRO Analyst
Meeting Dates:	4/6, 4/18

WHAT THE MEASURE DOES:

Repeals requirement that fiscal year of each credit union end on December 31. Removes requirement that election of executive officers of credit unions occur at organizational meeting of board of directors within 60 days after each annual meeting of members. Expands ability of credit union to pay compensation to members of committees established by board or pursuant to bylaws. Authorizes credit union to invest in or lend moneys to corporation, limited liability company, or mutual association that provides goods or services associated with routine operations of credit union, if investment or loan is reasonably related to credit union's use of such goods or services. Credit union must make investment in goods and services in accordance with rules adopted by Director of Department of Consumer and Business Services and receive approval from director prior to making investment or loan.

ISSUES DISCUSSED:

- Number of Oregonians using credit unions
- GoWest Credit Union Association reviews laws related to credit unions every two years
- No regulatory benefit to statutory fiscal year end requirement for credit unions
- Examples of credit union committees and need to provide ability to pay stipends to all committee members
- Limitations of current credit unions investment authority
- Process for determining requested changes to credit union statutes

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A credit union is a cooperative, nonprofit association, incorporated under the Oregon Credit Union Act, for the purposes of encouraging thrift among its members, creating a source of credit at a fair and reasonable rate of interest and providing an opportunity for its members to use and control their own money to improve their economic and social condition.

Currently, the fiscal year of each credit union is statutorily required to end on December 31. The lack of flexibility has resulted in the inability of a credit union to delay the adoption of Current Expected Credit Loss (CECL) accounting standards, in the same way other financial institutions may, as well as increasing the cost of statutorily required annual audits. House Bill 3200 A repeals the requirement that a fiscal year end on December 31, providing credit unions flexibility to determine the fiscal year.

The measure removes the requirement that election of the executive officers of credit unions occur at the organizational meeting of the board of directors and within 60 days after each annual meeting of the members. This requirement creates the presumption that Board members will serve one-year terms, even though statute permits a credit union, in its bylaws, to prescribe longer terms.

Credit unions may have several committees that serve the credit union, such as the Nominating Committee, Diversity Committee, Facilities Committee, and others. These committees may include both directors and other members who are not directors, but ORS 723.266 limits compensation to directors and supervisory committee members.

Currently, Credit Union Service Organizations (CUSOs) are the only mechanism for credit unions to invest in new products and services that align with credit union needs. However, CUSOs are limited to primarily serving credit unions.

House Bill 3200 A amends ORS 723.602 to permit a credit union to invest in or lend money to a corporation, limited liability company, or mutual association that provides goods or services associated with the routine operations of the credit union and the investment or loan is reasonably related to the credit union's use or potential use of the goods or services provided.