

SENATE BILL REPORT

HB 1327

As of March 18, 2011

Title: An act relating to increasing the permissible deposit of public funds with credit unions and authorizing the deposit of public funds at federally chartered credit unions.

Brief Description: Increasing the permissible deposit of public funds with credit unions.

Sponsors: Representatives Kirby, Warnick, Miloscia, Fitzgibbon and Roberts.

Brief History: Passed House: 2/26/11, 85-12.

Committee Activity: Financial Institutions, Housing & Insurance: 3/22/11.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Edward Redmond (786-7471)

Background: Credit unions are nonprofit corporations that promote thrift among their members and create a source of credit for their members at fair and reasonable rates of interest. Seven or more natural persons who reside in Washington may apply to the Director of the Department of Financial Institutions for permission to organize as a credit union. Upon the Director's endorsement that the proposed articles of incorporation and bylaws are consistent with legal requirements, and the Director's determination that the proposed credit union is feasible, the formation of the credit union may proceed. One of the requirements of the bylaws is a statement of the credit union's field of membership. A credit union's field of membership is the limitation of membership to those having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district.

The powers of a credit union are specified in statute. These powers include receiving deposits, making loans, and paying both dividends and interest, among others. Since September 17, 2010, National Credit Union Share Insurance Fund (NCUSIF) insured deposits in credit unions up to \$250,000.

Public funds are those monies belonging to or held for the state, its political subdivisions, municipal corporations, agencies, courts, boards, commissions, or committees, and includes monies held in trust. During the 2010 legislative session, credit unions were authorized to receive public deposits up to the lesser amount of \$100,000 or the maximum deposit insurance by the NCUSIF.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: State and federally chartered credit unions are public depositaries only for the purpose of receiving public deposits, which may total no more than the federal deposit insurance limit. The maximum amount of deposit applies to all funds attributable to any one depositor of public funds in any one credit union. Credit unions are subject to the same reporting requirements as are public depositaries.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.