
Business & Financial Services Committee

HB 2140

Brief Description: Concerning credit unions' mergers.

Sponsors: Representatives Ryu, Stanford, Kirby, Moscoso and Vick.

Brief Summary of Bill

- Modifies credit union merger statute so that a simple majority of voting members may approve a merger.

Hearing Date: 1/14/14

Staff: David Rubenstein (786-7153)

Background:

Credit unions doing business in Washington may be chartered by the state or federal government. The National Credit Union Administration regulates federally chartered credit unions. The Department of Financial Institutions (DFI) regulates state-chartered credit unions.

State-chartered credit unions may merge with approval by directors and members. Currently, a merger requires approval by a majority vote of each credit union's board of directors and a two-thirds majority of voting members of the merging credit union.

Senate Bill 5302, enacted in 2013, modified various aspects of credit unions' corporate governance, including mergers. Before the changes enacted under SB 5302, a merger required approval by a two-thirds majority vote of merging credit unions' boards of directors and a two-thirds majority of voting members of the merging credit union. The 2013 law eliminated the boards of directors' two-thirds majority requirement in favor of a simple majority, but left in place the requirement of a two-thirds majority of voting members.

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.

Under federal law, federally chartered credit unions may merge upon a vote of a simple majority of voting members. Under current law, Washington state-chartered credit unions may follow this procedure with permission of DFI.

Summary of Bill:

State-chartered credit unions may merge with the approval of a simple majority of voting members of the merging credit union.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.