

HOUSE BILL REPORT

HB 1247

As Passed Legislature

Title: An act relating to the Washington state credit union act.

Brief Description: Concerning the Washington state credit union act.

Sponsors: Representatives Reeves and Hoff.

Brief History:

Committee Activity:

Consumer Protection & Business: 1/23/19, 1/29/19 [DP].

Floor Activity:

Passed House: 3/1/19, 95-0.

Passed Senate: 3/29/19, 46-0.

Passed Legislature.

Brief Summary of Bill

- Eliminates the requirement for annual and special meetings of a state-chartered credit union to be held at a designated place.
- Requires verification of member accounts at least every two years.
- Allows membership to include groups situated fully or partially outside of the state.
- Provides state-chartered credit unions with all powers and authorities of out-of-state credit unions, except membership.
- Allows state-chartered credit unions to invest in additional types of funds.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 13 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Dufault, Ryu, Santos, Stanford, Volz, Walen and Ybarra.

Staff: Serena Dolly (786-7150).

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.

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 law provides for the organization, regulation, and examination of state-chartered credit unions. State credit unions are governed by a board of directors consisting of between five and 15 members. A supervisory committee monitors both the financial condition of the credit union and the decisions of the board of directors.

Annual and Special Membership Meetings.

State-chartered credit unions must hold annual membership meetings at a time and place prescribed by its bylaws. For most purposes, a special membership meeting may be called by a majority of the board of directors, a majority vote of the supervisory committee, or upon written application of at least 10 percent or 2,000 members, whichever is less. The board secretary must determine and provide notice of the date, time, and place of special membership meetings.

Account Audits.

The supervisory committee must arrange or perform a complete annual audit of the credit union and verification of members' accounts. It must report all findings to the board of directors and make an annual report to the members at each annual membership meeting.

Membership.

Credit union membership is limited to groups having a common bond of occupation or association or to groups within a well-defined neighborhood, community, or rural district.

Credit Union Authority.

A state-chartered credit union may exercise the same powers and authorities possessed by an out-of-state credit union if the DFI finds that it serves the convenience and advantage of members and maintains the fairness of competition between the types of credit unions.

Investments.

State-chartered credit unions may invest funds as specified by state law. Authorized investments include loans held by other credit unions, bonds and securities of the United States government, and obligations guaranteed by government-sponsored enterprises.

Eligible Collateral for Public Deposits.

Public depositaries are authorized to accept moneys belonging to or held for the state, its political subdivisions, municipal corporations, agencies, courts, boards, commissions, or committees. All public funds deposited in public depositaries must be protected against loss, and public depositaries must have eligible collateral at least equal to its maximum liability of public deposits. The types of securities that may be used as eligible collateral are designated by statute.

Summary of Bill:

Annual and Special Membership Meetings.

References for an annual or special membership meeting to be held at a designated place are removed.

Account Audits.

The supervisory committee must verify member accounts at least every two years and report any related findings and recommendations to the board.

Membership.

With approval from the DFI, a credit union's membership may include groups situated fully or partially outside of the state.

Credit Union Authority.

State-chartered credit unions are provided all powers and authorities of out-of-state credit unions, except membership, so long as insurance and other requirements are met. A state-chartered credit union exercising any authority of an out-of-state credit union must notify the DFI.

Investments.

A state-chartered credit union may invest in funds authorized for state deposits. A state-chartered credit union approved as a public depository may also invest in securities authorized as eligible collateral for public deposits.

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.

Staff Summary of Public Testimony:

(In support) This legislation is the result of a long stakeholder process that included feedback from the DFI. It is a good technical cleanup bill that will allow credit unions to remain responsive to members and federal law. This bill will provide clarity for state regulators. The statute is ambiguous as to how often account verifications are required. This clarifies the current understanding. This provides explicit authority for credit unions to invest in funds that are authorized for public funds. The bill will provide parity between state-chartered credit unions and federal and out-of-state credit unions. The bill expands membership opportunities to participate by allowing electronic meetings. It is not a mandate, just an option.

(Opposed) None.

Persons Testifying: Representative Reeves, prime sponsor; Joe Adamack, Northwest Credit Union Association; Hal Scoggins, Farleigh Wada Witt; and Lynn Ciani, Numerica Credit Union.

Persons Signed In To Testify But Not Testifying: None.