

HOUSE BILL REPORT

HB 2939

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to the credit unions examination fund.

Brief Description: Examining credit unions.

Sponsors: Representative L. Thomas.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/1/96 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Scheurman, Assistant Ranking Minority Member; Benton; Campbell; Dellwo; Dyer; Grant; Huff; Keiser; Kessler; Pelesky and D. Sommers.

Staff: Charlie Gavigan (786-7340).

Background: State-chartered credit unions are regulated by the Department of Financial Institutions' Division of Credit Unions. The department is authorized to conduct examinations and investigations, and to recover the actual costs of these examinations and investigations.

Initiative 601 requires that increases in existing discretionary fees which exceed the fiscal growth factor as defined in the initiative be specifically authorized by the Legislature.

The state constitution prohibits the Legislature from amending an existing statute by reference. This means that an existing statute should not be changed by legislation that does not include that statute.

Summary of Substitute Bill: The Department of Financial Institutions is authorized to charge fees to credit unions, the Washington Credit Union Share Guaranty Association, and central credit unions to cover the operating costs of the Division of

Credit Unions, and to establish a reasonable reserve for the division. The department is authorized to impose a special assessment of \$184,000. The fees cannot result in more than \$1,120,000 in the Credit Unions Examination Fund, plus the special assessment, in fiscal year 1997.

Substitute Bill Compared to Original Bill: The substitute gives the department authorization in statute to charge the fees; the original bill gave this authority only for the budget period ending in 1997.

Appropriation: None.

Fiscal Note: Requested on February 1, 1996.

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

Testimony For: These additional fees are necessary for the department to carry out examinations of credit unions and other duties in a timely manner. The special assessment is necessary to repay the Attorney General's Office for past legal services and to cover other one-time expenses the department has experienced. The credit union industry supports these additional fees.

Testimony Against: None.

Testified: Parker Cann, Department of Financial Institutions (supports); and Stacey Augustine, Washington Credit Union League (supports).