

SENATE BILL REPORT

SB 6029

As of January 22, 2014

Title: An act relating to credit unions' mergers.

Brief Description: Concerning credit unions' mergers.

Sponsors: Senators Benton, Hobbs and Tom.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 1/21/14.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Edward Redmond (786-7471)

Background: The Washington State Credit Union Act (WSCUA) provides the statutory framework for credit union organization, governance, and investments in the state. Credit unions are nonprofit corporations that promote thrift among their members and create a source of credit for their members at competitive rates of interest. Seven or more natural persons who reside in Washington may apply to the Department of Financial Institutions (DFI) for permission to organize as a credit union.

In 2013, numerous updates concerning corporate governance and investments were made to WSCUA to create parity between state and federal laws. However, whereas Section 708b of the National Credit Union Administration Rules and Regulations requires a simple majority of applicable credit union members to approve a merger, current state law requires a two-thirds majority vote.

Summary of Bill: Current laws concerning voting requirements for credit union mergers are amended to conform to federal requirements. A simple majority, rather than a two-thirds majority, vote of the merging credit union members is required in order for such mergers to be approved.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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.

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

Staff Summary of Public Testimony: PRO: This is a parity bill; it fixes an omission in last year's bill regarding the mergers of credit unions. The bill simply provides parity for our state-chartered credit unions with their federal counterparts.

OTHER: The Northwest Credit Union Association did provide DFI with a list of their proposed amendments. The language in the bill provides parity with federally chartered credit unions to approve a merger by majority vote. If the Legislature approves the bill, state-chartered credit unions will not be disadvantaged in comparison to federally chartered credit unions. If the bill passes, DFI can successfully implement it.

Persons Testifying: PRO: Mark Minickiello, NW Credit Union Assn.

OTHER: Linda Jekel, DFI.