

SUBJECT: Credit union regulation revisions

COMMITTEE: Financial Institutions — favorable, without amendment

VOTE: 7 ayes — Averitt, Denny, Ehrhardt, Elkins, Marchant, Pitts, Juan Solis
0 nays
2 absent — Solomons, Grusendorf

WITNESSES: For — John B. Lederer, Dallas Teachers Credit Union, Texas Credit Union League, and Credit Union Legislative Coalition
Against — None
On — Harold E. Feeney, Texas Credit Union Department

BACKGROUND: Finance Code, sec. 15.103 directs the Texas Credit Union Department to study Texas statutes periodically and comprehensively as they pertain to credit union operations.

DIGEST: HB 2069 would authorize the credit union commissioner to enter into agreements with any credit union supervisory agency regarding the examination of branch offices of credit unions chartered in Texas and doing business in other states, or of any foreign credit unions doing business in Texas. The commissioner could contract with, allow department employees to be used by, and collect fees on behalf of any other supervisory agency. The commissioner could accept the report from another supervisory agency in lieu of conducting an examination. The bill would specify the extent to which the commissioner could share information and would define what types of information obtained from credit unions are confidential.

The bill would require credit unions to submit call reports to the department on a semiannual basis stating the credit union's financial condition. The bill would delete statutory language requiring an annual report to be filed by February 1.

HB 2069 would expand the definition of “credit union” to include a financial institution authorized to do business in Texas for developing and providing its members with alternative methods of financing their purchases at reasonable costs. The bill would prohibit any person not authorized to do business as a credit union from using a business name that included the term “credit union.” The bill would require credit unions to notify the commissioner in writing of the date that a new office or service facility began operating. It would allow the commissioner to prescribe by rule what constituted an office or service facility.

HB 2069 would require the commission to compensate its and the department’s employees according to the general appropriations act. Except for the commissioner and deputy commissioner, the bill would require all positions to be classified under Government Code, chapter 654. It would allow the commissioner to file a consolidated group return form to the Internal Revenue Service on behalf of all credit unions.

The bill would take effect September 1, 1999.

**SUPPORTERS
SAY:**

HB 2069 would enact the Credit Union Department’s legislative recommendations resulting from its 1998 study. The department held numerous public meetings during the course of its study and sought input from credit unions, their associations, and other interested groups.

Most importantly, the bill would expand the commissioner’s authority to share information with regulatory agencies in other states. Improving the commission’s ability to coordinate regulatory activities is important as credit unions prepare for an interstate branching environment. The bill’s other provisions would improve internal management, conform compensation policies to the general appropriations act, and expedite certain reporting requirements.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The companion bill, SB 891 by Harris, passed the Senate on the Local and Uncontested Calendar on April 26, and was reported favorably, without

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amendment, by the House Financial Institutions Committee on April 27,
making it eligible to be considered in lieu of HB 2069.