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BILL ANALYSIS

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Senate Bills 490 through 495 (as reported without amendment)
Senate Bill 496 (Substitute S-3 as reported)
Sponsor: Senator Alan Sanborn (Senate Bill 490)
Senator Wayne Kuipers (Senate Bill 491)
Senator Jim Barcia (Senate Bill 492)
Senator Bev Hammerstrom (Senate Bill 493)
Senator Burton Leland (Senate Bill 494)
Senator Gerald Van Woerkom (Senate Bill 495)
Senator Shirley Johnson (Senate Bill 496)
Committee: Banking and Financial Institutions

Date Completed: 7-16-03

RATIONALE

Credit unions are nonprofit cooperative financial institutions, mutually owned by their member-depositors. Credit unions serve the financial needs of defined groups of people who share a common bond. For instance, a credit union's field of membership might consist of the members of a church, a particular company's employees, those employed in a designated profession, or the residents of a community. A credit union may offer savings and checking accounts, loans, and other financial services to its members at lower costs than those charged by banks or other financial institutions. As nonprofit, cooperative entities, credit unions are exempt from Federal and State business taxes, though they do pay other taxes and fees. As member-owned cooperatives, credit unions pay dividends to members based on their shares (or amounts on deposit).

Michigan's credit union regulations are codified in Public Act 285 of 1925, which was last significantly revised in 1986. In the meantime, financial institutions and the financial services industry have undergone great change. The laws that regulate banks, savings banks, and savings and loan associations all have been updated in recent years to reflect the changing nature of the banking industry. Credit unions, however, continue to operate under what some claim is an outdated regulatory structure that limits credit unions' potential for growth, prevents them from offering certain basic services to their members and others, and fails to recognize technological advances that enable firms to conduct business electronically. It has been suggested that the law regulating credit unions be updated and recodified.

CONTENT

Senate Bill 496 (S-3) **would repeal Public Act 285 of 1925 and create the "Credit Union Act" to provide for the regulation of credit unions. Among other things, the bill would do the following:**

- **Allow a credit union's board to identify mixed fields of membership.**
- **Require the Commissioner of the Office of Financial and Insurance Services (OFIS) to examine a credit union at least once every 18 months.**
- **Authorize a credit union to perform certain financial services for any person, with certain restrictions.**
- **Place a cap on the fee a domestic credit union could charge for check-cashing services.**
- **Identify factors that a credit union board could consider in making loans.**
- **Allow a credit union to lend up to $1,000, payable within 30 days, to its members, with certain restrictions.**
- **Provide for the confidentiality of credit union information and documents.**
- **Allow a credit union to conduct its business by mail or electronically, with the prior approval of the OFIS Commissioner.**

-- **Allow notices to be given electronically.**

The bill also would authorize the Commissioner to do the following:

-- **Suspend or remove a credit union official from office if he or she were charged with or convicted of a felony involving dishonesty or breach of trust.**
-- **Initiate and order an involuntary merger of a distressed credit union with another credit union or other financial institution, under certain circumstances.**
-- **Require a credit union to close in an emergency.**
-- **Revoke the authority of a foreign credit union to conduct business in Michigan.**
-- **Assess civil fines against a credit union or a credit union official.**

Senate Bills 490 through 495 would amend various laws to replace references to Public Act 285 of 1925 with references to the proposed "Credit Union Act". The bills also would refer to a "domestic credit union" rather than a "credit union" or "state-chartered credit union", and would update references to the Banking Code and the Savings and Loan Act.

Senate Bill 490 would amend Public Act 156 of 1851, which defines the powers and duties of county boards of commissioners; Senate Bill 491 would amend Public Act 322 of 1978, which authorizes financial institutions to make electronic funds transfer terminals available to consumers; Senate Bill 492 would amend the Motor Vehicle Sales Act; Senate Bill 493 would amend the Michigan Consumer Protection Act; Senate Bill 494 would amend the Michigan Penal Code; and Senate Bill 495 would amend Public Act 43 of 1973, which permits associations, institutions, and credit unions to process or handle food stamps. The bills are tie-barred to Senate Bill 496.

An overview of Senate Bill 496 (S-3) follows.

Domestic & Foreign Credit Unions

Public Act 285 of 1925 defines "credit union" as a cooperative, nonprofit association incorporated under the Act for the purposes of encouraging thrift among its members, creating a source of credit at rates of interests not greater than allowed by law, and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition. The term includes a credit union incorporated under the Act, under the laws of another U.S. state or territory, or under Federal law.

The bill would distinguish between a "domestic" and a "foreign" credit union. "Domestic credit union" would mean a cooperative, nonprofit entity organized under the proposed Act for the purposes of encouraging thrift among its members, providing a variety of financial services to its members, and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition. "Foreign credit union" would mean a credit union organized under the laws of another U.S. state or territory or a Federal credit union.

Credit Union Operations, Organization, & Structure

Field of Membership. Currently, credit union organization is limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district. Public Act 285 allows the organization of a community credit union whose field of membership is composed of individuals who have a common bond based on relatively close geographical proximity to one another, personal acquaintance among the residents, and the existence of a community of interests, activities, and objectives.

The bill would require a domestic credit union board to establish the credit union's field of membership. The field of membership would have to consist of one or more groups of people, where those within any one group, but not all groups, shared a common bond. The credit union board could identify and approve one or more groups of people, and their immediate family members, whose common bond was based on occupation; association; residence, employment, religious participation, or school enrollment within one or more geographical areas; or any other criteria established by the OFIS Commissioner by order or declaratory ruling.

A credit union that established or revised its field of membership would have to submit the field of membership to the Commissioner for approval. If an application sought to revise a field of membership to include one or more groups with a common bond based on residence, employment, religious participation, or school enrollment within one or more geographic areas, the Commissioner could require that the applicant provide additional information regarding the common bond of people in those areas. The Commissioner, however, could disapprove of an application only on the basis of safety and soundness of the domestic credit union.

The bill would allow a domestic credit union's bylaws to provide that a person could continue as a member of the credit union even if he or she were no longer in the field of membership.

Confidentiality. The bill would prohibit a domestic credit union officer, committee member, or employee, except as otherwise provided by law, from disclosing any confidential information related to the conduct of the credit union's business that he or she had a duty not to disclose, including personnel matters, matters involving actual or potential litigation or real estate transactions, or other matters related to strategic business endeavors, or information concerning transactions between the domestic credit union and either its members or other people. This would not apply to the disclosure of information necessary to the conduct of the credit union's business.

Except as otherwise provided under the bill, any documents, materials, or other information in the possession or control of OFIS that was furnished by a domestic or foreign credit union or an employee or representative acting on behalf of a credit union, or obtained by the Commissioner in an investigation or examination conducted under the proposed Act, would be confidential and privileged, would not be subject to the Freedom of Information Act, would not be subject to subpoena, and would not be subject to discovery or admissible in evidence in any private civil action.

A report of a credit union examination prepared or obtained by OFIS would be its sole property. Any copy provided to the credit union board or any credit union official would be solely for the purpose of management oversight. A credit union, or any person in possession of a report of an examination, could not disclose the report or its contents without the Commissioner's express prior written consent.

The Commissioner, and any person who received documents, materials, or other information while acting under the Commissioner's authority, would not be permitted or required to testify in any private civil action concerning any confidential documents, materials, or other protected information and reports.

Other Provisions. The bill would do all of the following:

-- Provide authority for credit unions to use trade names.
-- Allow a domestic credit union with a principal place of business in Michigan to conduct its business solely by mail or through electronic communication, without having a physical location where members could transact credit union business, with the prior approval of the OFIS Commissioner.
-- Establish minimum qualifications for a domestic credit union director, credit committee member, or supervisory committee member.
-- Allow a domestic credit union board to delegate to the credit union's general manager certain duties, such as determining interest rates, hiring employees and fixing their compensation, and making and selling investments according to board policies.
-- Require a domestic credit union board to meet at least once every 62 days and a minimum of nine times per year (rather than monthly as is currently required).
-- Allow a domestic credit union to accept the estate of an individual as a member, if that individual had been a member of the credit union at the time of his or her death.
-- Allow a domestic credit union board to terminate the membership, or some or all services of membership, of a member who caused a loss to the credit union, committed fraud against the credit union, or violated any law on the credit union's premises.
-- Allow the Commissioner, by order or declaratory ruling, to permit a domestic

credit union to use one or more forms of secondary capital other than capital stock.

Credit Union Powers

Universal Services. The bill would establish the powers of a domestic credit union. Among other things, the bill would allow a domestic credit union to perform any of the following services for any person:

-- Cash advances.
-- Funds transfers.
-- Cashing and selling checks and drafts.
-- Signature guarantee services.
-- Selling and cashing money orders and traveler's checks.
-- Buying and selling foreign currency in exchange for U.S. currency.
-- Selling or otherwise providing any goods or services with a value of $150 or less, if authorized by the Commissioner.
-- Other services specified by an order or declaratory ruling of the Commissioner.

Check-Cashing Fee. A domestic credit union could not contract for, receive, impose, assess, or collect a charge or fee for check-cashing services that exceeded one of the following:

-- 5% for a payroll, pension, or government check.
-- 7% for a check from an insurance company.
-- 10% for a personal check, money order, or other check.

A domestic credit union, however, could contract for, receive, impose, assess, or collect a charge or fee of up to $25 for the first check the credit union cashed for an individual.

Short-Term Loans. The bill would allow a domestic credit union to enter into a loan agreement with a credit union member for any amount up to $1,000 with a loan term of 30 days. The credit union could charge a fee that would be in addition to interest authorized by law and would not be part of the interest collected or agreed to be paid on loans within the meaning of a Michigan law limiting the rate of interest in a transaction. The total interest, fees, and other costs of the loan could not exceed 10% of its principal amount. A member could not have more than one such short-term loan outstanding with that credit union.

Service Organization Loans & Investment. Presently, a credit union may organize, invest in, and make loans to corporations or other organizations that engage in activities incidental to the conduct of a credit union or in activities that further or facilitate the purposes of a credit union or that furnish services to credit unions. The bill would re-enact this provision. Currently, a credit union must notify the Commissioner of an investment or loan of this type that would cause the aggregate of these investments and loans to exceed 2% of the credit union's shares, deposits, undivided earnings, and reserves. The investments and loans may not, in the aggregate, exceed 5% of the shares, deposits, undivided earnings, and reserves. The bill specifies instead that these types of investments and loans could not exceed 15% of a domestic credit union's assets and that, without prior approval of the Commissioner, a credit union's loans and investments of these types could not, in the aggregate, exceed 7% of its assets.

Other Provisions. As currently provided, the bill would allow a domestic credit union to make secured or unsecured loans at a fixed or variable interest rate, and take and hold any real or personal property as security. The bill specifies that, in establishing an interest rate, the credit union could consider the collateral provided, the borrower's creditworthiness, the loan's duration, and any other factor the credit union reasonably determined to affect the interest rate.

The bill also would allow a domestic credit union to make charitable contributions, if the individual contributions and their aggregate amount were reasonable.

Commissioner Powers

Suspension/Removal of Officials. Under the bill, if a person participating in the conduct of the affairs of a domestic credit union were charged with a felony involving dishonesty or breach of trust in any information, indictment, warrant, or complaint by a county, State, or Federal authority, the Commissioner could suspend the person from office or prohibit him or her from further participating in any manner in conducting the credit union's

affairs. If the person were convicted, after the judgment was no longer subject to appellate review, the Commissioner could remove the person from office or prohibit him or her from further participating in the credit union's affairs. An acquittal or other disposition would not preclude the Commissioner from taking these actions.

Involuntary Merger or Sale. The bill would allow the Commissioner to order the merger or sale of a domestic credit union if he or she determined that the credit union was in danger of insolvency, in an unsafe or unsound condition, or in danger of becoming in an unsafe or unsound condition; that expeditious action was required to deal with such a condition; and that other actions available to the Commissioner were not reasonably available with respect to the credit union.

The Commissioner could initiate and order an involuntary merger of a distressed credit union with another credit union if the other credit union agreed to a merger. If the other credit union were a foreign credit union, it would have to be authorized to complete the merger under any state or Federal law that applied to it.

The Commissioner could initiate and order an involuntary merger of a distressed credit union with a financial institution other than a credit union, if the Commissioner were unable to complete an involuntary merger with another credit union, the other institution agreed to a merger, and the other institution were authorized to complete the merger under any state or Federal law that applied to it.

"Distressed credit union" would mean a domestic credit union that the Commissioner determined was insolvent, in danger of insolvency, in an unsafe or unsound condition, or in danger of becoming in an unsafe or unsound condition.

Closure. The bill would allow the Commissioner to require a domestic credit union to close its principal place of business or one or more branches, if it appeared that the action was required because an emergency existed. If the Commissioner did not issue an order of emergency, and the credit union's general manager or other designated officer determined that an emergency existed, the officer could close the credit union's principal place of business or one or more branches until he or she found that the emergency had ended.

The Commissioner also could authorize a domestic credit union to close on a day designated by the U.S. President or the Michigan Governor as a day of national mourning, rejoicing, or other special observance.

Under the bill, "emergency" would mean a condition, event, or occurrence that met both of the following:

-- It interfered or could interfere with the conduct of normal business operations, or posed an imminent or existing threat to the safety and security of a person or property, at the principal place of business or one or more branches.
-- It resulted from a fire, flood, earthquake, hurricane, tornado, wind, rain, snowstorm, labor dispute or strike, power failure, transportation failure, fuel shortage, interruption of a communication facility, shortage of housing, epidemic or other natural or manmade catastrophe, riot, civil commotion, or any other act of lawlessness or violence.

Revocation of Authority. If the Commissioner believed that a foreign credit union was engaging, had engaged, or was about to engage in an unsafe or unsound practice in conducting the business of a credit union branch located in Michigan or was violating, had violated, or was about to violate a State or Federal law, rule, or regulation, the Commissioner could either notify the state or Federal regulatory authority with jurisdiction over the foreign credit union, or issue and serve upon the foreign credit union a notice of intent to revoke its authority to do business in Michigan.

Other Provisions. The bill would require the Commissioner, or his or her authorized agent, to examine the condition and affairs of each domestic credit union at least once every 18 months. (Currently, an examination must be conducted annually.)

The Commissioner, or any person required under the proposed Act to provide a written notice, could use any delivery method reasonably calculated to give actual notice,

including physical delivery, in person or by first-class mail or other express delivery service; or, if the recipient agreed, electronic delivery by facsimile, electronic transmission, or other means approved by the Commissioner.

The Commissioner could assess a civil fine of up to $1,000 against a credit union or credit union official for each violation, if the Commissioner found that a credit union violated the proposed Act or a rule promulgated under it. Each injury to an individual or other person by a violation would be a separate violation. The Commissioner could not assess fines that, in the aggregate, were more than $10,000, plus the costs of investigation, for multiple violations that arose from the same transaction.

MCL 46.12a (S.B. 490)
488.2 & 488.3 (S.B. 491)
492.136 (S.B. 492)
445.904 (S.B. 493)
750.315a & 750.376a (S.B. 494)
400.171 (S.B. 495)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The existing credit union statute is outdated and inflexible. It was enacted in 1925 and has not seen significant revision since the mid-1980s. The financial services industry has undergone great changes in that time period and the statute needs to be updated, as the laws that govern banks, savings banks, and savings and loan associations have been. As Public Act 276 of 1999 did for the Banking Code, Senate Bill 496 (S-3) would modernize and reorganize credit union regulation to allow both credit unions and their State regulators to deal with the changes that have occurred in the financial services industry, and provide increased flexibility for credit unions and regulators to respond to the industry as it evolves in the future. The bill would remove obsolete provisions, recognize new technologies, allow more flexibility in the management of credit unions, and accommodate changes in the marketplace in which credit unions conduct business. State-chartered credit unions need the ability to keep pace with other financial services providers.

Supporting Argument

Current provisions regarding a credit union's field of membership are too restrictive and limit credit unions' opportunities to expand in response to market concerns. Organization of a credit union is limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district. The field of membership of a community credit union may consist of individuals who have a common bond based on close geographic proximity, personal acquaintance, and the existence of community interests, activities, and objectives.

If a credit union seeks to expand its field of membership, it must document the "common bond" that exists among those in the expanded field. This process can be quite expensive, time-consuming, and labor intensive. According to testimony before the Senate Committee on Banking and Financial Institutions, in order to expand its field of membership from a single community to a neighboring town, one small community credit union had to document personal acquaintanceships between people in the adjacent communities and shared activities and interests, such as park usage and shopping locations. These factors had nothing to do with the credit union's financial health or administrative ability to provide services to the neighboring community. State regulators, however, had to ensure that these common bonds existed before approving the credit union's enlarged field of membership.

By allowing a credit union's board to establish its field of membership and providing that the OFIS Commissioner could disapprove a field of membership application only on the basis of the credit union's safety and soundness, Senate Bill 496 (S-3) would enable credit unions to operate with greater flexibility and would ease OFIS's regulatory responsibilities. Under the bill, a credit union's field of membership could consist of one or more groups; the people within each group would have to share a common bond with the members of that group, but not with the members of the other groups. Also, a credit union board could identify and approve one or more groups whose common bond was based

on occupation; association; residence, employment, religious participation, or school enrollment within one or more geographical areas; or any other criteria the Commissioner established. This standard would be far less restrictive than the current provisions governing credit unions' field of membership, and would allow credit unions to respond to market and community trends and concerns. They could grow along with their community of members and accommodate the financial needs of those members and others within the community. As credit union fields of membership became broader and more open, credit unions would have greater opportunity to grow, diversify risk, and serve the public--especially underserved populations and people of modest means. In the end, all consumers would benefit from improved access to reliable and affordable financial services.

Relaxing the field of membership requirements also would relieve OFIS regulators of the responsibility to look beyond a credit union's financial health and administrative capabilities. The Office should not have to administer regulations that are unnecessary and increase State government costs. Under the bill, regulators could focus on ensuring that credit unions remained safe and sound.

Supporting Argument

Senate Bill 496 (S-3) would allow credit unions to provide a broader range of services to their members, compared with current operations. For example, the deferred presentment service industry, also known as payday lending or check advance, has experienced considerable growth in recent years. Designed for individuals who find themselves temporarily short of cash, payday advances are short-term loans of relatively small amounts based on a personal check held for future deposit. Although payday lenders may perform a valuable service for individuals who need a little cash until their next payday, this industry is unregulated in Michigan and its service can be financially damaging to some borrowers, due to the sizeable fees typically charged for cash advances.

Under the bill, credit unions could offer their members an alternative to unregulated and potentially financially draining payday advance services. The bill would allow a credit union to loan a member up to $1,000 for 30 days. While a credit union could charge a fee for this service, in addition to a rate of interest authorized by law for loans, the bill would cap the total interest, fees, and other costs of the loan at 10% of the principal amount. This would be less than the fee of $15 to $20 that payday lenders usually charge on a $100 loan or the 18% service fee that could be charged under the proposed "Deferred Presentment Services Act" (Senate Bill 474).

Response: Fees charged for providing a service should not be capped by law. The market should determine the going rate for short-term loan fees.

Supporting Argument

Credit unions presently may provide services only to their members; they are not authorized to perform even basic services like check cashing or currency exchange for nonmembers. By allowing a credit union to perform certain services for any person, regardless of credit union membership, Senate Bill 496 (S-3) would afford credit unions some flexibility in their operations and provide another opportunity for people in the community to secure those services. While a credit union still could not make a loan to a nonmember, under the bill it could provide cash advances, perform funds transfers, cash and sell checks, sell money orders and traveler's checks, and buy and sell foreign currency.

Response: The term "cash advances" is not defined in the bill and sounds similar to the short-term loans that the bill would allow credit unions to make only to their members.

Supporting Argument

By increasing the ability of credit union boards to delegate to mangers operational responsibilities, such as handling personnel matters and setting interest rates, and by establishing minimum qualifications for a domestic credit union director, credit committee member, and supervisory committee member, Senate Bill 496 (S-3) would allow for the more efficient and professional operation of credit unions. In addition, the bill specifies the factors that credit unions could consider in establishing loan interest rates.

Opposing Argument

Senate Bill 496 (S-3) would allow credit unions to depart significantly from their traditional and historical role. Credit unions began to appear in the early 20th century and

expanded their presence during the Great Depression of the 1930s. They were formed to meet the credit needs of populations who were underserved by the banking industry, and their members were generally low-income earners. Having a common bond between credit union members was considered critical, because credit decisions could be based on members' character and standing in the community, rather than solely on their financial situation. As cooperatives, credit unions earmarked their profits for the benefit of their members in the form of paid dividends. Because credit unions were organized as nonprofit cooperatives that served an under-represented population, they were granted Federal and State tax exemptions.

Over the years, some of the limits on their activities have been relaxed, yet credit unions continue to be exempt from corporate taxation. As a result, credit unions have an unfair competitive advantage over banks, savings and loan associations, and savings banks. Many credit unions are no longer the small operations that developed in the first half of the 20th century; credit union members are no longer predominantly low-income people who are underserved by the banking industry; credit union services are not as limited as they once were; and profits are no longer being returned entirely to credit union members. The bill would exacerbate the evolution of credit unions away from their original purpose by essentially eliminating restrictions on membership, broadening the powers of credit unions, and relaxing State regulatory oversight of credit unions. It would amplify the competitive disadvantage that banks face as a result of credit unions' operating on a tax-exempt basis.

Response: Credit unions are not the same entities that they were 100 years ago, but today's world is vastly different than the one in which credit unions came into existence. For credit unions to continue as viable institutions offering financial services to their members, the regulatory framework in which they operate must keep pace with members' changing needs and situations.

Although credit unions are exempt from business taxes, they do pay sales taxes, property taxes, payroll taxes, and regulatory fees just as banks and other financial institutions do. To suggest that their limited tax-exempt status gives credit unions a competitive advantage over banks defies the facts. According to testimony before the Senate Committee on Banking and Financial Institutions, each of the three largest banks operating in Michigan holds more assets than all of the State- and Federally chartered credit unions operating in the State, combined; and, nationally, credit unions control only about 2% to 4% of funds on deposit. According to the Michigan Credit Union League's (MCUL's) weekly newsletter *Monitor* (May 14, 2003), a recent survey conducted by community banks ranked credit unions in third place as their competitors, behind other community banks and large banks.

Moreover, eliminating credit unions' State tax exemption would encourage State-chartered credit unions to convert to Federally chartered credit unions. According to the MCUL, the State then could lose an estimated $10 million in revenue compared with the $7 million that could be generated from taxing credit unions. Reportedly, on a national basis, only 40% of credit unions are chartered by a state, but 60% of the credit unions operating in Michigan are State-chartered institutions. Eliminating the tax exemption would make a State charter less attractive to credit unions operating in Michigan.

In addition, while credit unions continue to pay dividends to members based on their deposits, credit unions must be able to ensure their financial safety and soundness before determining and distributing dividends.

Opposing Argument

By allowing a credit union to establish its own field of membership, without review of the common bond by the OFIS Commissioner, Senate Bill 496 (S-3) essentially would eliminate restrictions on credit union membership. Under the bill, a credit union could establish its field of membership based on criteria as broad as residence within one or more geographical areas. Conceivably, those areas could be as expansive as the Upper and Lower Peninsulas, and OFIS regulators would be powerless to limit the field of membership expansion.

Also, under the bill, a credit union could use its tax-exempt status to draw businesses away from tax-paying depositories such as banks. The bill would allow a credit union to accept a

legal entity, such as a corporation, as a member, and would increase the amount that a credit union may invest in and loan to corporations and other organizations.

Response: While the bill would allow a credit union to establish and revise its field of membership, the Commissioner still would have the authority to deny an application, based on the safety and soundness of the credit union. In addition, if a credit union applied to revise its field of membership based on residence, employment, religious participation, or school enrollment within one or more geographical areas, the Commissioner could require that the applicant provide additional information regarding the common bond of people within the proposed areas of expansion. Moreover, field of membership expansion could improve the financial viability of credit unions, particularly smaller operations, by diversifying risk. For instance, a company credit union could have financial difficulties if the company experienced an economic downturn and eliminated a large number of employees who were members of the credit union. Spreading the credit union's financial risk over a more diversified field of membership would benefit the credit union and all of its members.

Also, although a legal entity could become a credit union member, serving individuals on a nonprofit, cooperative basis still would be the focus of credit union operations, in practice. The bill would continue to limit amounts that a credit union may invest in corporations or other organizations. According to testimony by the MCUL before the Senate Committee, only .5% of credit union assets are invested in small business loans. Although that figure could grow as a result of businesses' joining credit unions and the increased limits on corporate investment, it would be unlikely to increase significantly.

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FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.