

## **BILL ANALYSIS**

Senate Research Center  
76R6904 WP-F

S.B. 891  
By: Harris  
Economic Development  
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As Filed

### **DIGEST**

Since the 1997 Legislative Session, the Credit Union Commission (commission) has undertaken a review of credit union statutes. As a result of their review, the commission voted to recommend several changes to the legislature. The recommendations include several technical changes to conform credit union sections to the General Appropriations Act; allow the credit union commissioner (commissioner) to enter into agreements with other agencies for multi-state credit unions; allow the Credit Union Department to cooperate with IRS reporting; better define credit union operations in today's changing economy; clarify reporting requirement agreements; and clarify a credit union's authority over financial transactions other than loans. S.B. 891 would set forth provisions regulating credit unions.

### **PURPOSE**

As proposed, S.B. 891 sets forth provisions for regulating credit unions.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Credit Union Commission in SECTIONS 7, 11, and 12 (Sections 122.012, 123.107, and 123.201(a), Finance Code) of this bill,

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 15.308, Finance Code, to require the Credit Union Commission (commission) to set the compensation of the credit union commissioner (commissioner) and deputy commissioner which is required to be paid according to the General Appropriations Act. Provides that except for the commissioner and deputy commissioner, Chapter 654, Government Code, applies to any Credit Union Department (department) position. Deletes text regarding others who would be subject to compensation set by the commission. Deletes conditions where Chapter 654, Government Code, would apply. Deletes text regarding the use of money by the legislature, commission, and department and amount of money paid to an employee of the commission. Makes a conforming change.

SECTION 2. Amends Section 15.402(c), Finance Code, to delete text regarding supervision fees.

SECTION 3. Amends Section 15.408, Finance Code, to make a conforming change.

SECTION 4. Amends Chapter 15E, Finance Code, by adding Sections 15.411 and 15.412, as follows:

Sec. 15.411. AGREEMENTS WITH OTHER REGULATORS. Authorizes the commissioner to enter into an agreement with any credit union supervisory agency regarding the examination or supervision of branch offices of credit unions chartered in this state while doing business in other states and of foreign credit unions doing business in this state. Authorizes the commissioner to accept examinations or reports from other credit union supervisory agencies, the acceptance of which does not waive any fee, charge, or revenue to be paid by a credit union, including a foreign credit union doing business in this state. Authorizes the commissioner to enter into any cooperative arrangement with other credit union supervisory agencies to promote the effective regulation of state credit unions doing business across state lines. Sets forth what can be included as business across state lines.

Sec. 15.412. FILING GROUP RETURN WITH THE INTERNAL REVENUE SERVICE. Authorizes the commissioner to file a consolidated group return form with the Internal Revenue Service on behalf of all credit unions under the department's jurisdiction. Sets forth the condition

in which a credit union can be included on the group return form. Provides that the state is not liable for information contained in any form submitted and each agency is individually responsible for the accuracy, completeness, and timeliness of the information and for any potential tax liability or penalties that may accrue.

SECTION 5. Amends Section 121.002, Finance Code, by amending Subdivision (2) and adding Subdivision (8), to redefine “credit union” and define “law enforcement agency.” Makes conforming changes.

SECTION 6. Amends Section 122.003(c), Finance Code, to prohibit a person who is not a credit union member authorized to do business in this state from doing business under or using a name or title containing the words “credit union.” Deletes text regarding activities a person who is not a credit union member cannot do. Makes conforming changes.

SECTION 7. Amends Section 122.012, Finance Code, by amending Subsection (b) and adding Subsection (c), to require the credit union to notify the commissioner in writing of the date that the new office or service facility begins operating. Authorizes the commission, by rule, to prescribe what constitutes an office or service facility.

SECTION 8. Amends Section 122.013, Finance Code, by adding Subsection (d), to authorize the commission to require a foreign credit union operating in this state to submit periodic reports which are to be provided by the foreign credit union or by the supervisory agency having primary responsibility for that credit union. Requires any reporting requirements prescribed by the commission to be consistent with the reporting requirements applicable to credit unions and appropriate for the purpose of enabling the commissioner to regulate credit unions.

SECTION 9. Amends Section 122.101, Finance Code, as follows:

Sec. 122.101. New heading: CALL REPORTS. Requires a credit union to submit to the department on a semiannual basis, rather than not later than February 1 each year, a call report, on a form supplied by the department, that states the credit union’s financial condition, rather than purpose. Requires the credit union to submit the call report on or before the date stated in the form supplied by the department. Requires the commissioner to charge a late fee in an amount set by the commissioner for each day the report remains unfiled if a credit union does not submit, rather than file, a report by due date. Provides that a credit union that does not file a report on or, rather than the 31st day after, before the date it is due is subject to sanctions provided by this chapter and Chapter 126. Deletes text regarding fees. Deletes text regarding a due date.

SECTION 10. Amends Section 122.261(b), Finance Code, to authorize the commissioner to disclose information described by Subsection (a) to a share and deposit guaranty corporation or credit union or to a department, agency, or instrumentality of this state, another state, or the United States under certain conditions.

SECTION 11. Amends Section 123.107, Finance Code, to authorize a credit union to purchase or otherwise provide insurance for the benefit or convenience of its members in accordance with applicable law or rules adopted by the commission.

SECTION 12. Amends Section 123.201(a), Finance Code, to authorize a credit union to lend its funds, or engage in any other type of financing transaction authorized by applicable law or rules adopted by the commission, rather than in accordance with applicable law.

SECTION 13. Amends Section 126.002, Finance Code, by amending Subsections (a) and (c) and adding Subsection (d), to provide that, except as provided by Subsections (b) and (c), information obtained directly or indirectly by the department related to the financial condition or business affairs of a credit union and files and records of the department related to that information, excluding a statement intended for publication, is confidential. Authorizes the commissioner to disclose information described by Subsection (a) to a law enforcement agency, rather than the Texas Share Guaranty Credit Union. Makes a conforming change. Prohibits information obtained by the department from a federal or state supervisory agency that is confidential under federal law or the laws of that state from being disclosed except as provided by the applicable federal or state law. Makes a conforming change.

SECTION 14. Amends Section 126.054, Finance Code, by adding Subsection (c), to provide that the report of examination is confidential. Authorizes the commissioner to provide a copy of the report to other parties as described in Section 126.002(c).

SECTION 15. Amends Section 126.055, Finance Code, to authorize the commission to establish and to require a credit union to pay a fee based on the cost of performing an examination, rather than established by the commission, of the credit union.

SECTION 16. (a) Effective date: September 1, 1999.

(b) Provides that in accordance with Section 311.031, Government Code, the text of Section 15.408, Finance Code, as set out in Section 3 of this Act, which gives effect to changes made by Chapter 338, 75th Legislature, Regular Session, 1997.

(c) Provides that to the extent of any conflict, this Act prevails over another Act of the 76th Legislature, Regular Session, 1999, relating to nonsubstantive additions and corrections in enacted codes.

SECTION 17. Emergency clause.