

1 2	L.D. 1055 Date: 5/9/17 (Filing No. H-142)
3	INSURANCE AND FINANCIAL SERVICES
4	Reproduced and distributed under the direction of the Clerk of the House.
5	STATE OF MAINE
6	HOUSE OF REPRESENTATIVES
7	128TH LEGISLATURE
8	FIRST REGULAR SESSION
9 10	COMMITTEE AMENDMENT "A" to H.P. 738, L.D. 1055, Bill, "An Act To Update the Statutes under Which Maine's Credit Unions Are Chartered"
11	Amend the bill by inserting after section 2 the following:
12 13	'Sec. 3. 9-B MRSA §445, sub-§6, as enacted by PL 1997, c. 22, §16, is amended to read:
14 15 16 17	6. Notice required. A financial institution seeking to invest in one or more service corporations shall notify the superintendent in writing at least 10 30 days prior to such investment. A financial institution seeking to establish or acquire-one or more service corporations shall seek authorization to do so in accordance with the following.
18 19 20 21 22	A. If the services are to be performed only for other financial institutions authorized to do business in this State as defined in section 131, subsection 17-A, the financial institution shall notify the superintendent in writing, at least 10 days in advance, of its intent to establish or acquire the service corporation. This notice must contain information required by the superintendent.
23 24 25 26 27	B. If the services are to be performed for the public as well as other financial institutions, the financial institution shall file an application in accordance with section 252. The superintendent may, in addition to the criteria set forth in section 253, consider the type of institution making application and the competitive effect of that ownership.
28 29	An application or notice required by this subsection is not complete unless accompanied by a fee to be credited and used as provided in section 214.
30 31	Amend the bill in section 3 in paragraph F in the first line (page 1, line 27 in L.D.) by inserting after the following: "membership" the following: 'in Maine'
32 33	Amend the bill in section 5 in subsection 7 in the first line (page 2, line 12 in L.D.) by striking out the following: " <u>shall</u> " and inserting the following: ' <u>may</u> '
34	Amend the bill by striking out all of section 10 and inserting the following:

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## **COMMITTEE AMENDMENT**

	COMMITTEE AMENDMENT " $\bigwedge$ " to H.P. 738, L.D. 1055
1 2	'Sec. 10. 9-B MRSA §864, sub-§2, as amended by PL 2005, c. 82, §11, is further amended to read:
3 4	<b>2.</b> Limitations. A credit union may invest 10% 20% of its share capital and surplus <u>net worth</u> in any service corporation only if:
5 6	A. The service corporation is structured to limit the credit union's exposure to loss; and
7 8 9 10 11	B. The service corporation primarily serves credit unions and the membership of affiliated credit unions. A service corporation formed after July 31, 1994 primarily serves credit unions and the membership of affiliated credit unions within the meaning of this paragraph if at least 75% of the services provided within this State are to credit unions and members of credit unions.
12 13 14 15	The superintendent may approve an amount less than or in excess of $\frac{10\%}{20\%}$ , subject to such terms and conditions as the superintendent determines necessary. The aggregate investment of a credit union in all service corporations may not exceed 50% of its net worth.'
16 17	Amend the bill in section 12 in subsection 5 in the last line (page 3, line 38 in L.D.) by striking out the following: " $10$ " and inserting the following: ' $30$ '
18 19	Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.
20	SUMMARY
21	The amendment makes the following changes to the bill.
22 23	1. It clarifies that the field of membership requirements apply to an out-of-state credit union's activities when doing business in Maine.
24 25	2. It permits the adoption of rules relating to adequate levels of net worth for a credit union. The bill mandates the adoption of rules.
26 27	3. It provides parity between banks and credit unions for the limits on investments in a single service corporation or in multiple service corporations.

4. It changes the requirement for a credit union to provide prior notice to the
Department of Professional and Financial Regulation, Bureau of Financial Institutions
when investing in, acquiring or establishing a credit union service corporation from 10
days to 30 days.

32 5. It adds a provision to the bill so that banks follow the same procedures proposed
 33 for credit unions when investing in, acquiring or establishing service corporations.

 34
 FISCAL NOTE REQUIRED

 35
 (See attached)

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## **COMMITTEE AMENDMENT**



## 128th MAINE LEGISLATURE

LD 1055

LR 428(02)

An Act To Update the Statutes under Which Maine's Credit Unions Are Chartered

Fiscal Note for Bill as Amended by Committee Amendment 'A' (H - 142) Committee: Insurance and Financial Services Fiscal Note Required: Yes

**Fiscal Note** 

Minor cost increase - Other Special Revenue Funds

## Fiscal Detail and Notes

Any additional costs to the Department of Professional and Financial Regulation to adopt the changes in this bill are expected to be minor and can be absorbed within existing budgeted resources.