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BILL ANALYSIS

Senate Fiscal Agency

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House Bill 4728 (as reported without amendment)**Sponsor: Representative William R. Keith****House Committee: Corporations and Finance****Senate Committee: Commerce and Technology**

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Date Completed: 11-5-87***RATIONALE***

Various securities, including those backed by banks or savings and loans organized under the laws of any state, are exempt from registration and filing requirements under the Uniform Securities Act. Securities backed by a Federal or Michigan credit union also are exempt. Securities not backed by Federal or Michigan credit unions are not exempt, although some feel that securities backed by credit unions of other states should be, to put them on the same footing as other out-of-state financial institutions.

CONTENT

House Bill 4728 would amend the Uniform Securities Act to extend an exemption from the Act's registration and filing requirements for credit union securities to those securities backed by any credit union organized and supervised under the laws of any state or territory of the United States.

MCL 451.802

FISCAL IMPACT

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

ARGUMENTS***Supporting Argument***

Last year's amendments to the Credit Union Act allow many out-of-state credit unions to establish branches in Michigan. By allowing them to avoid the red tape involved in registering securities with the Financial Institutions Bureau, the bill would give out-of-state credit unions the same status that out-of-state banks and savings and loans now enjoy. In addition, given the potential for interstate mergers, some are concerned that securities of out-of-state credit unions that merged with Michigan credit unions would be in violation of the Uniform Securities Act.

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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.

H.B. 4728 (11-5-87)