



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bills 490 through 495 (as reported without amendment)  
Senate Bill 496 (Substitute S-4 as reported by the Committee of the Whole)

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

### **CONTENT**

Senate Bill 496 (S-4) would repeal Public Act 285 of 1925, which regulates credit unions, and create the "Credit Union Act" to do the following:

- Allow a credit union's field of membership to consist of one or more groups with certain common bonds.
- Require the Commissioner to examine a credit union at least once every 18 months.
- Authorize a credit union to perform certain financial services for a person who was not a member, and to perform other financial services for any person who was in an underserved area or who did not have an established relationship with a credit union. (Services to such a person would include check-cashing services, subject to a cap on the fee a domestic credit union could charge for those 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, including a 10% ceiling on the cost of interest, fees and other costs, and a limit of one such loan outstanding per member.
- 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 Commissioner of the Office of Financial and Insurance Services.
- Allow notices to be given electronically.

The bill would require a credit union to identify its field of membership, which would have to consist of one or more of the following:

- One or more groups of any size that had a common bond of occupation, association, or religious affiliation.
- One or more groups consisting of people whose common bond was residence, employment, or place of religious worship within a geographic area composed of one or more school districts, counties, cities, villages, or townships.
- One or more groups whose common bond was common interests, activities, or objectives.

A credit union that established or revised its field of membership would have to submit it to the Commissioner for approval or disapproval. If the Commissioner determined that the proposed field of membership met the common bond requirements, he or she could disapprove of an application only on the basis of safety and soundness of the credit union.

The bill 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 a financial institution other than a credit union, under certain circumstances. (A "distressed credit union" would be one that was, or was in danger of becoming, insolvent or in an unsafe or unsound condition.)
- 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.

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)

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

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

Date Completed: 10-15-03

Fiscal Analyst: Maria Tyszkiewicz

Floor\sb490

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.