

Representative Neil A. Hansen proposes the following substitute bill:

**AMENDMENTS RELATED TO FINANCIAL
INSTITUTIONS**

2003 GENERAL SESSION

STATE OF UTAH

Sponsor: Jeff Alexander

This act establishes a legislative task force to study issues related to credit unions and other financial institutions. The act establishes task force membership, duties, and salaries and designates staff for the task force. The act requires the task force to prepare a report. The act makes a one-time appropriation of \$39,500 from the General Fund for fiscal year 2002-2003 to pay for task force expenses. The act is repealed November 30, 2003.

This act enacts uncodified material.

Be it enacted by the Legislature of the state of Utah:

Section 1. Financial Institutions Task Force.

(1) There is created the Financial Institutions Task Force consisting of the following eight members:

(a) three members of the Senate appointed by the president of the Senate, no more than two of whom may be from the same political party; and

(b) five members of the House of Representatives appointed by the speaker of the House of Representatives, no more than three of whom may be from the same political party.

(2) (a) The president of the Senate shall designate a member of the Senate appointed under Subsection (1)(a) as a cochair of the task force.

(b) The speaker of the House of Representatives shall designate a member of the House of Representatives appointed under Subsection (1)(b) as a cochair of the task force.

(3) In conducting its business, the task force shall comply with the rules of legislative



26 interim committees.

27 (4) Salaries and expenses of the members of the task force shall be paid in accordance
28 with Section 36-2-2 and Legislative Joint Rule 15.03.

29 (5) The Office of Legislative Research and General Counsel shall provide staff support
30 to the task force.

31 (6) The task force shall study:

32 (a) the structural differences between credit unions and other financial institutions;

33 (b) clarifying the language defining the appropriate purposes and operations of credit
34 unions chartered in this state including:

35 (i) what constitutes a meaningful affinity and bond among members of a credit union;

36 and

37 (ii) the cooperative and nonprofit structure of credit unions which requires that
38 members have meaningful control over the resources of a credit union;

39 (c) the policies that should govern all questions applicable to taxing or not taxing credit
40 unions;

41 (d) whether credit unions should be required to:

42 (i) provide members greater control over whether earnings should be returned to
43 members or used to further expand the operations of a credit union; or

44 (ii) return a minimum percentage of a credit union's annual cash retained earnings to
45 the members of the credit union in the form of cash dividends which would fundamentally
46 reflect that credit unions are member controlled nonprofit cooperatives;

47 (e) whether the judicial review process of decisions of the Commissioner of Financial
48 Institutions should be modified;

49 (f) (i) the powers and duties of the Commissioner of Financial Institutions to regulate
50 the activities of credit unions and banks; and

51 (ii) whether additional powers or duties should be given to the Commissioner of
52 Financial Institutions;

53 (g) what should be the appropriate field of membership requirements for a credit union;

54 (h) (i) whether or not any credit union should be required or allowed to pay a
55 competitive equity assessment;

56 (ii) if any credit union should be required to pay a competitive equity assessment.

57 which credit unions should be required to pay a competitive equity assessment; and
58 (iii) how any competitive equity assessment to be paid by a credit union should be
59 calculated including whether required reserves should be subtracted from any of a credit
60 union's annual cash retained earnings of a credit union that may be subject to a competitive
61 equity assessment;
62 (i) the effect of a credit union chartered in this state converting to a federal credit union
63 charter;
64 (j) the methods by which financial institutions in this state may obtain capital;
65 (k) the policies underlying whether or not to tax or assess other fees on credit unions;
66 and
67 (l) any other issues related to banks and credit unions that the task force determines to
68 be appropriate.

69 (7) The task force shall make a report to the Business and Labor Interim Committee,
70 including any proposed legislation, by no later than November 30, 2003.

71 **Section 2. Appropriation.**

72 There is appropriated from the General Fund for fiscal year 2002-03, a one-time
73 appropriation of:

74 (1) \$3,500 to the Senate to pay for the compensation and expenses of senators on the
75 task force;

76 (2) \$6,000 to the House of Representatives to pay for the compensation and expenses
77 of representatives on the task force; and

78 (3) \$30,000 to the Office of Legislative Research and General Counsel to pay for
79 staffing the task force.

80 **Section 3. Repeal date.**

81 This act is repealed November 30, 2003.