

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1004
Economic Matters

(Delegate Crosby)

Finance

**Financial Institutions - Commissioner of Financial Regulation - Credit Union
Power**

This bill modifies the process for (and circumstances under which) a Maryland-chartered credit union may engage in any additional activity, service, or other practice that is already authorized for federal credit unions. The bill repeals an existing requirement that credit unions receive the approval of the Office of the Commissioner of Financial Regulation (OCFR). Instead, the bill allows a credit union to undertake an action after filing a notice of intention to do so with OCFR (assuming OCFR does not reject or modify the proposal under the terms specified by the bill) and 45 calendar days have elapsed. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Meaningful.

Analysis

Bill Summary: A credit union must provide OCFR with written notice at least 45 calendar days before engaging in any activity, service, or other practice authorized under federal law. The notice required must include a description of the proposed activity, service, or other practice, including (1) the specific authority used and (2) any condition that federal law requires (or allows) with respect to federal credit unions.

The credit union may begin to perform the activity, service, or other practice on the first business day after the 45th calendar day from the date OCFR receives the required notice unless OCFR (1) specifies a different date or (2) prohibits the activity, service, or other practice.

OCFR may extend the 45-day period under the bill if it determines that the credit union's notice requires additional information or additional time for analysis. OCFR may prohibit a credit union from performing the activity, service, or other practice described in the required notice if it determines that performing the activity, service, or other practice would (1) adversely affect the safety and soundness of the credit union; (2) be detrimental to the welfare of the general economy of the State; or (3) be detrimental to the public interest or to credit unions.

Current Law: Subject to OCFR approval, Maryland-chartered credit unions may engage in any additional activity, service, or other practice in which, under federal law or regulation, national federal credit unions may engage. OCFR may grant an approval only if:

- OCFR determines that approval is (1) reasonably required to protect the welfare of the general economy of the State and of credit unions or (2) not detrimental to the public interest or to credit unions; and
- the approval imposes the same conditions that federal law or regulation requires or permits as to federal unions.

Small Business Effect: The bill allows Maryland-chartered credit unions to more quickly and efficiently obtain "approval" of requests to expand their services in alignment with federal law. The bill also better aligns credit union powers with those of banking institutions. OCFR notes the new process established by the bill does not diminish its regulatory powers.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

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