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## House Bill 1004

Date: February 24, 2020

Committee: Economic Matters

Bill Title: Financial Institutions - Commissioner of Financial Regulation - Credit Union Power

Re: Favorable

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The banking parity (or “wild card”) law was changed last year (via SB15, CH0499) and this proposal seeks to make parallel changes to its credit union counterpart. The “wild card” law deals with competitive parity between State-chartered credit unions and federal credit unions. Pursuant to §6-313 of the Financial Institutions (FI) Article, State-chartered credit unions are permitted to exercise the same powers and/or rights as federal credit unions upon a specific request from a credit union and approval of that request by the Commissioner. Thus, current law requires credit unions to prepare and submit an application to the Commissioner, and requires the Commissioner to review - and ultimately grant or deny - that application. Maryland law does not establish a timeline for Commissioner approval of such a request.

This proposed change will modernize FI §6-313 and streamline the application process for Commissioner approval to promote the competitive potential of Maryland credit unions. To conduct federally permissible activities under the new application process, State credit unions must file a notice of intent to act with the Commissioner at least 45 days prior to engaging in the requested activity. Unless the Commissioner objects or extends the 45 days, the credit union may thereafter engage in the proposed activity. This is a process change in which the Commissioner will retain the authority to deny any requested activity deemed necessary to protect Maryland’s welfare or economy. Please note that the Commissioner may also extend the review timeline and/or request additional information from applicants.

This proposal will have a positive impact on the State’s credit union community as it replaces the administrative burden on State credit unions of preparing and submitting an application with a prior notice provision. This proposed change will align the parity requirements for State credit unions with State banks and without diminishing the Commissioner’s authority. To that end, the Department respectfully requests a favorable report by the Committee of HB 1004.