
House Bill 1004

Date: February 24, 2021
Committee: Economic Matters
Bill Title: Financial Institutions – Commissioner of Financial Regulation – Credit Union Powers
Re: **Letter of Support**

The banking parity (or “wild card”) law was changed last year (via Senate Bill 15; Chapter 499) and this bill seeks to make parallel changes pertaining to credit unions. The “wild card” law deals with competitive parity between State credit unions and federal credit unions. Title 6, Subtitle 3 of the Financial Institutions Article (F.I. § 6-313) permits the Commissioner to authorize State-chartered credit unions 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, under current law, credit unions are required to prepare and submit an application to the Commissioner, which requires the Commissioner to review (and ultimately grant or deny) that application.

HB1004 modernizes F.I. § 6-313 by giving State-chartered credit unions the right to undertake the same activity as federal credit unions, but only after notice to the Commissioner. The Commissioner retains the ability to block any such action if it is deemed detrimental to the public interest, interests of the institution, or if doing so is necessary to protect the welfare of the State or its economy. HB1004 changes Maryland’s credit union law in the same manner that the banking law was changed last year, so both types of entities will be governed by parallel requirements.

If adopted, this bill will positively impact the state’s credit union community, as it replaces the administrative burden on state credit unions, preparing and submitting an application, with a simple prior notice provision. This will allow state credit unions to more quickly and efficiently obtain approval of requests and respond to competitive issues, and will not diminish the regulatory powers of the Commissioner.

For these reasons, the Department respectfully requests a favorable report from the Committee on HB1004.