



February 27, 2024

Chairman C.T. Wilson  
Room 231  
House Office Building  
Annapolis, MD 21401

HB 1135 – Financial Institutions – Maryland Community Benefit Plan Act of 2024 (“HB 1135”)  
Testimony on Behalf of: MECU Credit Union  
Position: Oppose

Chairman Wilson, Vice Chairman Crosby, and Members of the Committee:

MECU Credit Union is a \$1.3 billion state chartered credit union headquartered in Baltimore, Maryland, with a field of membership that includes anyone that works, lives and worships in Baltimore City. As such, MECU has served the City of Baltimore, its employees and families for over eighty-eight years. Our members are primarily working class, low and middle income individuals and families. We also employ over 300 people in nine branches and our Corporate Headquarters, further highlighting our commitment to our community.

MECU Credit Union is extremely diverse in its leadership, management and membership. We are designated as a Community Development Financial Institution, Minority Depository Institution and Low Income Designated Credit Union. These designations demonstrate our firm commitment to providing service to underserved communities. Of our nine branch locations, all but two of the branches are located in low to moderate income areas.

On behalf of MECU Credit Union, I am writing to you to express our opposition to HB 1135 because this bill is drafted to improperly apply to credit unions, and overlooks our longstanding commitment to and success in reinvesting in the communities we serve.

For decades, there has been an effort by various groups and legislators for the Community Reinvestment Act (the “CRA”) or CRA-like regulations to be applied to credit unions. Credit unions have never been, and were never meant to be, subject to these laws; in fact, Congress specifically exempted credit unions from the CRA. This choice was not a mistake, and it was not the product of some form of oversight. Credit unions, unlike banks, are not-for-profit institutions, and accountable to a specific field of membership. As such, credit unions continually reinvest in our communities as profits are turned back to our members, allowing us to offer lower-cost financial products and services to our members. In fact, per National Credit Union Administration 5300 Report data via Callahan & Associates, Maryland credit unions reinvest 85% of deposits back into their local communities through member loans.

At MECU, we continue to provide products and services to help meet the needs of our members, which has resulted in long-lasting impact and benefits. For example, for the year 2022, our LevelUP free financial counseling program helped over 400 members improve their credit scores, and 80% of participants took some action with their finances and show improvement with their debt reduction. Beyond our branches,

we support our communities through providing scholarships, encouraging employee volunteerism, and providing financial support to many worthwhile charitable organizations.

All of this is to say that we have demonstrable impact on and commitment to our community. This level of commitment is not unique to MECU Credit Union as many state chartered credit unions in Maryland serve diverse and underserved markets. We are deeply concerned that the effort and resources that we would need to expend to comply with HB 1135 would detract from our fulfillment of its own aims and will improperly subject credit unions to the requirements set forth in CRA-like regulations, a goal which does not seem to have any meaningful tangible benefits.

Furthermore, the passage of this bill would put Maryland state chartered credit unions on an unfair regulatory playing field with our federally chartered counterparts as they are exempt from CRA or CRA like requirements. The well-intentioned purpose of HB 1135 does not actually need to be imposed upon credit unions for the very reason that its objective is already achieved. We, like many other credit unions, have always prioritized our promise to give back to the communities we serve, and shown continuous commitment to this goal. In our view, a more appropriate legislative aim should be to permit credit unions like ours to expand our reach into other low and moderate income areas beyond our current field of membership which we currently are prevented from doing.

I express my gratitude to each of the committee members for the opportunity to submit comments on HB 1135 and respectfully request that you provide an unfavorable report with respect HB 1135.

Very truly yours,



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