

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-242		5196	4	1	1
<u>Committee Pages:</u> <ul style="list-style-type: none"> • <i>Banking</i> 370-371 • <i>Banking</i> 429-430 				<u>House Pages:</u> <ul style="list-style-type: none"> • 1977(<i>Consent</i>) 	<u>Senate Pages:</u> <ul style="list-style-type: none"> • 1662

H-112

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 5
1968-2502**

Monday, May 3, 1971

10.

THE CLERK:

BUSINESS ON THE CALENDAR. Page 1, THE CONSENT CALENDAR.

THE SPEAKER:

Will the House come to order. The gentleman from the 95th.

Mr. Sarasin: (95th)

Mr. Speaker, prior to proceeding with the Consent Calendar, I would like to remove some items on today's Consent Calendar. On Page 2, Cal. 579, Sub. for H.B. 7519, File 518.

Cal. 591, H.B. 7485, File 553.

Cal. 610, S.B. 0079, File 425.

Cal. 611, Sub. for S.B. 0292, File 344.

I'd like those removed from the Consent Calendar.

THE SPEAKER:

You have heard the objection of the gentleman from the 95th. Is there any other item to which any individual member objects. for consideration for passage on the Consent Calendar.

The gentleman from the 95th.

MR. SARASIN: (95th)

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bills on today's Consent Calendar which are as follows:

Cal. 532, Sub. for H.B. 6174, AN ACT AMENDING THE CHARTER OF THE NORWICH SAVINGS SOCIETY, File 513.

Cal. 567, Sub. for H.B. 5196, AN ACT CONCERNING THE AMOUNT OF CREDIT UNION SHARES TO BE OWNED BY ANY PERSON, File 519.

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S-79

**CONNECTICUT
GENERAL ASSEMBLY**

SENATE

**PROCEEDINGS
1971**

**VOL. 14
PART 4
1457-1920**

May 10, 1971

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THE CLERK:

Fourth item on page 5, Cal. 542, File 519, Favorable Substitute Report on Joint Standing Committee on Banks and Regulated Activities Substitute H.B. 5196 An Act Concerning the Amount of Credit Union Shares to be Owned by any Person.

THE CHAIR:

Senator Buckley.

SENATOR BUCKLEY:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR BUCKLEY:

Mr. President, the bill would authorize the increase of share ownership in credit unions to \$20,000. on shares that were insured under the credit union equivalent to the FDIC. It would leave \$15,000 the amount of shares that would be owned under uninsured accounts.

THE CHAIR:

The question is on passage of the bill. Will you remark further? If not all those in favor of passage signify by saying aye. AYE. Opposed nay? The ayes have it. The bill is passed.

THE CLERK:

The last item on page 5, Cal. 551, file 762 and 528. Favorable report of the joint standing committee on Education

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WEDNESDAY

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certain purposes, and those are certainly bona fide and excellent purposes, and they should be pursued. We question whether or not, in many of these bills, the credit unions are going---are asking for powers beyond those we feel they should have. Now, to some extent, obviously, that question is prompted by our concern that they will move into areas that have been traditionally areas where commercial banks have rendered a service. I mean, it'd be foolish to try to deny that. But I do honestly feel that the two are closely intertwined. There certainly is a public aspect to all these banking bills. Banking, of necessity, is a closely regulated industry, because you're dealing with the funds of the everyday citizen. And, as I said before, I think that the banking laws and regulations are initially prompted by concern to protect the interests of the citizens.

Our arguments that I attempt to pose here are based, really, on the two areas and it's very difficult for me to separate them out. I would hope that you don't have the feeling, and I'm sure you don't, that our objections are solely prompted by some desire to limit the field. That's not true. I'll make that statement for the record.

Rep. Blake: Anyone else wish to speak in opposition to 5195?

Rep. Clark: I beg your indulgence. This is not, this is rather an unusual situation, but I have some letters here that are Rep. Mahoney---some letters that were sent to him, which he was here on, but since, so it would appear in the record at this point in connection with this bill, he's just presenting these letters which he would have presented but he couldn't stay.
(SEE ATTACHMENT SEVENTEEN)

Rep. Blake: Thank you very much, Mr. Clark.

Rep. Clark: Thank you.

Rep. Blake: Anyone else in opposition to 5195? Seeing none, the hearing on 5195 is concluded. We'll now move on to 5196. Any in favor of 5196?

HB-5196 (Rep. Clark, Rep. Martin) AN ACT CONCERNING THE AMOUNT OF CREDIT UNION SHARES TO BE OWNED BY ANY PERSON.

John Bickel: Now I know what that other gentleman was up against that had to come over all the time on the other bills. John Bickel, Connecticut Credit Union League, Managing Director.

I wish to speak in favor of Bill 5196, an amount of

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credit union shares to be owned by any one person.

Now, this bill would permit the Board of Directors of state-chartered credit unions to use their own discretion to set the maximum dollar amount of shares which may be owned by any one credit union member. Again, this is a parity bill with the Federal Credit Union Act; Federal chartered credit unions have this authority. Their Board of Directors sets the limitations on shares. It is not set out in the law. State-chartered credit unions, in the absence of any governmental share insurance program, in the past have been restricted to a maximum \$15,000 amount of shares. At the present moment, that is the limitation that any one member can put in his share account in his credit union. Now, with the institution of Federal insurance on credit union savings accounts through the National Credit Union Administration to the amount of \$20,000, it is now felt that such statutory limitations are unnecessary. Enactment of this legislative proposal would give state-chartered credit unions parity with the Federally chartered credit unions---and I have an attachment again, my statement here, of the Federal Credit Union Act on that section that deals with their limitations for members. (SEE ATTACHMENT EIGHTEEN)

Rep. Blake: I have a question. You say there's now a guarantee of \$20,000 maximum. What would your feeling be if it were changed to read \$20,000 instead of \$15,000?

Mr. Bickel: Sir, on that point, in our meeting with the Banking Department people---incidentally, we always work very closely with our good friends from the Banking Department---this point was brought up and we kicked it around quite a long time. We feel this way about it. We feel that, up to now, without share insurance, the law allowed credit unions to take \$15,000 of savings of one person without any guarantee. And now the law says it'll guarantee up to \$20,000. I think my best answer to you would be that I think we could compromise on \$35,000 because, if was, were good enough before to allow \$15,000 without insurance and now \$20,000 is insured, if we had to settle for a max, I think it's only realistic to say let's take the present plus the \$20,000 insured and we'd settle for \$35,000.

Rep. Blake: Thank you. Might I say that's quite a compromise? Thank you very much.

STATEMENT BY JOHN A. BICKEL, MANAGING
DIRECTOR OF THE CONNECTICUT CREDIT
UNION LEAGUE, INC. AT A HEARING OF
THE BANKS AND REGULATED ACTIVITIES
COMMITTEE ON MARCH 24, 1971

BILL #5196 - AMOUNT OF CREDIT UNION SHARES TO BE OWNED
BY ANY ONE PERSON

This bill permits the Boards of Directors of state chartered credit unions to use their discretion to set the maximum dollar amount of shares which may be owned by any one credit union member. State chartered credit unions, in the absence of any governmental share insurance program, have been restricted to a maximum \$15,000 amount of shares. With the institution of federal insurance on credit union savings accounts through the National Credit Union Administration to the amount of \$20,000, it is now felt that such statutory limitations are unnecessary. Enactment of this legislative proposal would give state chartered credit unions parity with federally chartered credit unions, which have no restriction on the dollar amount of shares that may be owned by a member.. (See attachment)

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CHANGES IN TEXT OF EXISTING STATUTES

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, the text of existing Federal statutes or parts thereof which the bill, as reported, would amend or repeal is printed below, with the proposed changes shown (a) by enclosing in black brackets material to be omitted, (b) by printing the new matter in italic type, and (c) by printing in roman type those provisions in which no change is to be made.

Federal Credit Union Act

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Credit Union Act."

TITLE I—FEDERAL CREDIT UNIONS

DEFINITIONS

SEC. [2] 101 As used in this Act—

(1) the term "Federal credit union" means a cooperative association organized in accordance with the provisions of this Act for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes;

(2) the term "Administrator" means the Administrator of the National Credit Union Administration;

(3) the term "Administration" means the National Credit Union Administration; [and]

(4) the term "Board" means the National Credit Union Board[.]; and

(4) *The terms "member account" and "account" (when referring to the account of a member of a credit union) mean a share, share certificate, or share deposit account of a member of a credit union of a type approved by the Administrator which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member, and, in the case of a credit union serving predominantly low-income members (as defined by the Administrator), such terms (when referring to the account of a nonmember served by such credit union) mean a share, share certificate, or share deposit account of such nonmember which is of a type approved by the Administrator and evidences money or its equivalent received or held by such credit union in the usual course of business and for which it has given or is obligated to give credit to the account of such nonmember;*

(5) *The terms "State credit union" and "State-chartered credit union" mean a credit union organized and operated according to the laws of any State, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, which laws provide for the organization of credit unions similar in principle and objectives to Federal credit unions;*