



## 2010 State Legislative Agenda

**Enabling credit unions to accept municipal deposits.** The only New York financial institutions currently permitted to accept deposits from local and state government are commercial banks. Credit union deposits could save local governments and taxpayers \$18 million to \$24 million annually. Any municipal deposits invested into credit unions would be reinvested into the local community. Local elected officials from volunteer fire districts, library districts, schools, towns, counties and cities all support more depository choice. In 2009, municipal deposits legislation A.4319/S.717 advanced to the Assembly Ways & Means and Senate Finance committees, bringing the legislation one step closer to a floor vote in both houses. The legislation would allow municipalities to deposit public funds up to \$1 million per credit union. The Association will continue to build a coalition of interested depositors to advance this priority legislation in 2010.

**Protecting credit unions from banker attacks and taxation.** With the state facing budget deficits, bankers will continue to encourage legislators to look to credit unions for additional revenues. Bankers may also seek to stifle credit unions' powers, growth and member services through anti-credit union legislation. Back in 2007, the Association and member credit unions united at the grassroots level to defeat Senate legislation to tax federal credit unions. The Association will continue working to prevent and defeat any banker attacks or attempts to tax credit unions in 2010.

**Advancing the state credit union charter.** Despite the chaos surrounding the final days of the 2009 legislative session, Gov. David A. Paterson signed the "wild card" extender bill that authorizes state-chartered financial institutions to exercise direct "wild card" powers without first obtaining statutory amendments. In 2010, the Association will continue to seek field of membership and power expansions for the state credit union charter. As more financial institutions explore national charters, the Legislature and State Regulators seek to support New York's dual chartering system by making the state charter more valuable. The Association will support legislation and policies in 2010 that facilitate the growth of the state charter.

**Lowering New York State Banking Department application and investigation fees.** The banking law was amended in 2006 to set new fee levels for New York State Banking Department (NYSBD) applications by financial institutions. These fee levels were intended to better reflect the NYSBD's actual costs to investigate and process an application. In 2010, the Association will advocate for legislation to establish a lower application fee level for credit unions considering a conversion from federal charter to state charter.

**Gaining credit union access to Excelsior Linked deposits.** The Excelsior Linked Deposit Program enables financial institutions to leverage state funds and then make affordable loans to small businesses. Under current law, however, credit unions are not included among financial institutions that may participate in the program. At the close of the 2009 regular legislative session, legislation introduced in the Assembly had advanced from the Banks Committee to the Ways & Means Committee. The legislation is expected to pass the full house once it reaches the Assembly floor. In 2010, Association staff will continue working with legislative leaders to enact this legislation to provide credit union members with much-needed capital during these difficult economic times.

**Establishing Credit Union Development Districts.** Credit unions seek inclusion in this program, which provides property tax breaks to banks and thrifts that establish branches in underserved areas and allows municipalities to invest funds in these institutions at special interest rates. Although 2009 legislation failed to advance from committee, the legislation did gain sponsorship in both houses, which sets the stage for progression in 2010.

**Funding Community Development Financial Institutions (CDFIs).** In 2007, New York became the first state to pass legislation to provide for the creation of a state CDFI program. The program provides low- and moderate-income communities with access to banking services and capital through community development credit unions

and a growing network of alternative financial service providers. Although no funding for the program was allocated in the bill, passage of this legislation establishes the framework for the CDFI program to be funded in next year's budget. The Association will continue to work with the Federation of Community Development Credit Unions and the New York CDFI Coalition to secure funding for the program in 2010.

**Addressing subprime mortgage lending/foreclosure.** In 2010, the Association will continue to support necessary legislation to help those in need while urging lawmakers to address, rather than completely prohibit, practices that can provide borrowers with necessary flexibility and credit options when used legitimately. The Association will also work to reiterate credit unions' commitment to educating and counseling their members and communities to make sound life-long financial decisions.

**Supporting credit card practices.** With credit card practices at the forefront of the current financial crisis, credit unions have had the opportunity to educate legislators about the credit union difference by testifying during an Assembly hearing on abusive credit card practices and educating legislators about the differences between credit union credit card programs and those of other credit card issuers. In 2010, the Association will continue to support credit card legislation intended to protect consumers from credit card abuse. The Association will also continue efforts to educate legislators about the benefits of credit union card programs and will oppose measures that would produce increased regulation and costs, hindering credit unions' ability to offer members affordable and responsible credit products.

**Addressing identity theft/data security.** Recent studies have shown that the incidence of identity theft continues to rise, costing both victims and businesses billions of dollars in losses. Credit unions and the Association educate members on how to prevent identity theft and lead the industry in identity theft prevention. Although identity theft legislation was enacted in 2008, further action is necessary to fully protect consumers. The Association will unite with credit unions, state and federal governmental agencies and the legislature to develop measures that protect potential victims from identity theft while still allowing businesses access to the personal identifying information needed to complete their operations. The Association will also advocate for legislation that allows credit unions to notify members of the source of a security breach when it occurs and requires the source to reimburse credit unions for the costs incurred as a result of a breach.

**Promoting financial education.** Credit unions strongly believe in financial education. The Association will continue to partner with interested parties, including the Business Teachers' Association of New York, to promote financial literacy legislation. A current legislative proposal would require that instruction in financial education be provided to all students in grades 9-12.

**Combating robbery.** For years, credit unions have worked with law enforcement officials and regulators to develop and implement best practices that make credit unions and other financial institutions less attractive targets to criminals. However, criminals continue to perceive bank robbery as less serious than other types of crime due to lax punishments. Robbery legislation was developed that would specifically increase the penalties for robbing a financial institution in an attempt to deter those considering such a crime. In 2008, the Senate passed legislation to increase the penalties for robbing a financial institution. The Association will continue to work with legislative leaders in 2010 to advance this legislation, which is important to the safety of credit union employees and members.

**Other issues.** Throughout the 2010 legislative session, the Association will continue working with other interested groups to seek the regulation of tax refund anticipation loans (RALs) and stand ready to respond to other issues impacting credit unions as they arise.