



# DAVID CRAIG

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STATE REPRESENTATIVE

CHAIRMAN, ASSEMBLY COMMITTEE ON FINANCIAL INSTITUTIONS

Assembly Committee on Financial Institutions Public Hearing, 27 January 2015  
Assembly Bill 807  
Representative David Craig, 83<sup>rd</sup> Assembly District

Vice-Chairman Katsma and Committee Members,

Thank you for hearing testimony on Assembly Bill 807.

This legislation is an important effort to modernize the statutes governing Wisconsin's credit unions. This bill will help state-chartered credit unions compete with their federal counterparts by giving state-chartered credit unions the same ability to manage fixed assets and charitable giving that federally-chartered credit unions have. Additionally, this legislation will remove the burdensome requirement that credit unions get approval from the Office of Credit Unions at the Department of Financial Institutions before placing an ATM, instead merely requiring credit unions provide notice to the Department.

Additionally, this legislation will allow the Department of Financial Institutions the discretion to choose whether or not to accept federal regulator exams by the National Credit Union Administration for statutorily required exams. Finally, this legislation makes a number of changes to the statutes that govern the inner workings of credit unions and their boards that will help streamline the operations of state-chartered credit unions. This bill is another important step in modernizing the Wisconsin statutes governing the financial services industry and I look forward to answering any questions you may have.



**Testimony of the Wisconsin Bankers Association**  
**Jon Turke, Director of Government Relations, WBA**

**Assembly Committee on Financial Institutions**  
**Assembly Bill 807**

**January 27, 2016**

Chairman Craig and Members of the Committee:

Thank you for the opportunity to testify in opposition to Assembly Bill 807 related to credit union operations and modifying rules promulgated by the Department of Financial Institutions.

My name is Jon Turke and I am director of government relations for the Wisconsin Bankers Association (WBA). WBA represents approximately 275 commercial banks and savings institutions, their nearly 2,300 branch offices and more than 30,000 employees.

First, I want to thank Chairman Craig and his staff for their willingness to reach out and work with WBA on this bill. While we are here today in opposition to the AB 807, the introduced bill has come a long way from initial ideas floated earlier in the session.

The concepts behind the original AB 807 are the next steps along the path of credit unions straying from their initial mission of serving those of low and modest means in favor of expanding their lending authority and becoming more like a Wisconsin bank without any of the corporate responsibilities like paying income taxes.

With recent merger and acquisition activity, there are now 11 Wisconsin credit unions at \$1 billion or more in assets – more \$1 billion or more institutions than Wisconsin banks.

AB 807 is touted as legislation to keep the state charter as something of value. Data shows that credit unions already overwhelmingly prefer the state charter – to the tune of 98%. Wisconsin credit unions enjoy the most expansive business lending rules in the nation. Some of the highest profile, profit-driven Wisconsin credit unions are in excess of the current 12.25% business lending cap. These same credit unions are able to ask for a waiver from the limits from the DFI at any time they wish. To date, all waivers sought from the Office of Credit Unions have been granted. By giving credit unions more lending authority, the state of Wisconsin continues to sanctify public policy that rewards tax-subsidized financial institutions at the expense of municipalities.

Credit Unions are profitable: in the third quarter of 2015, net income was up 22.6% and lending grew by 10.9% according to the Wisconsin Department of Financial Institutions.

Our goal this session was to stand together and pass legislation in Wisconsin beneficial to the entire financial institutions industry, and unite behind a campaign that would shine a light on federal regulations that harm not only financial institutions but the entire economy. Unfortunately, we are here today on opposite sides of a bill that is a distraction to those efforts.

Testimony of the Wisconsin Bankers Association  
January 27, 2016

Again, I want to thank Chairman Craig for his open communication throughout this process and members of the committee who reached out prior to this hearing. I'd be happy to take any questions you may have.

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