

BILL ANALYSIS

Senate Research Center
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S.B. 707
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Established by the legislature in 1969, the Texas Credit Union Department (TCUD) protects financial consumers by regulating Texas-chartered credit unions and Texas branches of foreign credit unions chartered by other states. TCUD approves credit union charters, examines credit unions for regulatory compliance and financial safety and soundness, enforces state laws and regulations, and responds to consumer complaints. Since 2009, TCUD has operated as self-directed semi-independent (SDSI) which removes the state appropriations process as TCUD is funded solely by fees it collects from credit unions.

TCUD underwent a review from the Texas Sunset Advisory Commission (Sunset) in 2020-2021. S.B. 707 follows Sunset recommendations, continuing TCUD for 12 years, through September 1, 2033. S.B. 707 adds requirements for TCUD to track more comprehensive complaint and enforcement data to support analysis and guide regulatory activities, to develop a process for notifying credit unions about regulatory changes that override state regulations, to remove an unnecessary notarization requirement, and to update standard good government provisions related to ensuring Credit Union Commission members are adequately trained on their responsibilities and notifying parties to a complaint.

As proposed, S.B. 707 amends current law relating to the continuation and functions of the Credit Union Department and the Credit Union Commission.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 15, Finance Code, by adding Section 15.104, as follows:

Sec. 15.104. NOTIFICATION AND GUIDANCE ON ADOPTION OF CERTAIN FEDERAL LAWS OR REGULATIONS. Requires the Texas Credit Union Department (TCUD) to promptly notify and issue guidance to all credit unions chartered in Texas on the adoption of a federal law or regulation that affects a power or authority conferred to credit unions under Section 123.003(a) (relating to authorizing credit unions to operate as federal credit unions), that takes effect immediately and that conflicts with state law.

SECTION 2. Amends Section 15.2041, Finance Code, by amending Subsection (b) and adding Subsection (d), as follows:

- (b) Requires that the training program provide the person with information regarding:
- (1) the law governing TCUD operations, rather than the legislation that created TCUD;
 - (2) makes no changes to this subdivision;

(3) the scope of and limitations on the rulemaking authority of the Credit Union Commission (CUC);

(4) creates this subdivision from existing text and makes no further changes;

(5) the requirements of laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest and other laws applicable to members of a state policy-making body in performing their duties; and

(6) creates this subdivision from existing text and makes a nonsubstantive change.

Deletes existing text requiring the training program to provide the person with the basic principles and responsibilities of credit union management.

(d) Requires the credit union commissioner (commissioner) to create a training manual that includes the information required by Subsection (b). Requires the commissioner to distribute a copy of the training manual annually to each CUC member. Requires each CUC member to sign and submit to the commissioner a statement acknowledging that the CUC member received and has reviewed the training manual.

SECTION 3. Amends Section 15.212, Finance Code, to provide that, unless continued in existence as provided by Chapter 325 (Sunset Law), Government Code, TCUD and CUC are abolished September 1, 2033, rather than September 1, 2021.

SECTION 4. Redesignates Sections 15.409(b), (c), and (d), Finance Code, as Section 15.408, Finance Code, and amends it as follows:

Sec. 15.408. CONSUMER COMPLAINTS. (a) and (b) Creates these subsections from existing text and makes nonsubstantive changes.

(c) Creates this subsection from existing text. Requires TCUD to periodically notify the complaint parties, rather than the person filing the complaint and each person who is the subject of the complaint, of the status of the complaint until final disposition unless the notice would jeopardize an investigation.

SECTION 5. Amends Subchapter E, Chapter 15, Finance Code, by adding Section 15.4081, as follows:

Sec. 15.4081. COMPLAINT TRACKING; ANNUAL STATISTICAL ANALYSIS. (a) Requires TCUD, in order to help identify and address regulatory issues and constraints, to track all phases of the complaint and enforcement processes, including the receipt, investigation, and disposition of complaints. Requires TCUD to maintain certain information for each complaint.

(b) Requires TCUD to annually compile a statistical analysis of TCUD's complaint and enforcement processes for the preceding fiscal year. Requires that the analysis include certain information.

SECTION 6. Amends the heading to Section 15.409, Finance Code, to read as follows:

Sec. 15.409. CONSUMER INFORMATION.

SECTION 7. Repealer: Section 122.001(d) (relating to signing and swearing to articles of incorporation), Finance Code.

SECTION 8. Provides that the repeal of Section 122.001(d), Finance Code, by this Act applies only to articles of incorporation filed on or after the effective date of this Act. Provides that articles of incorporation filed before the effective date of this Act are governed by the law in effect on the date the articles were filed, and the former law is continued in effect for that purpose.

SECTION 9. (a) Provides that, except as provided by Subsection (b) of this section, Section 15.2041, Finance Code, as amended by this Act, applies to a member of CUC appointed before, on, or after the effective date of this Act.

(b) Provides that a member of CUC who, before the effective date of this Act, completed the training program required by Section 15.2041, Finance Code, as that law existed before the effective date of this Act, is only required to complete additional training on the subjects added by this Act to the training program required by Section 15.2041, Finance Code. Prohibits a CUC member described by this subsection from voting, deliberating, or being counted as a member in attendance at a meeting of the CUC held on or after December 1, 2021, until the member completes the additional training.

SECTION 10. Effective date: September 1, 2021.