

# COLORADO CREDIT UNIONS

*Not-for-Profit. Cooperative. Local. Trusted.*

## Draft Policy Position Statements 2023

**Purpose:** The state-specific policy statements are an internal guidance document that is utilized by the GoWest Credit Union Association's advocacy team. The consensus-based statements provide our representatives working on state and federal issues with a set of general guidelines that allow us to respond to pressing issues that arise at a moment's notice in the legislature, in discussions with elected officials, or with our regulators.

**Access to affordable housing.** GoWest recognizes that access to affordable housing is an important issue that impacts every Colorado resident and encourages legislation and regulations that allow credit unions to meet the diverse needs of all people.

**Assessments.** GoWest supports levels of state and federal assessments that provide regulators with the resources necessary to attract the talent and expertise they require to address safety and soundness, while also ensuring a fair and equitable budget-based method of determining the amounts paid are set appropriately. The association opposes the sweeping of funds from credit union regulator accounts to pay for non-credit union programs, as any reallocation represents an additional cost to credit unions and undermines the effectiveness of the regulator.

**Board Compensation.** Credit unions should be permitted, but not required, to compensate elected and associate board and supervisory committee members.

**Business Access to Financial Services.** GoWest supports eliminating arbitrary caps on credit unions serving member businesses and removing barriers that prohibit or interfere with a credit union's ability to serve legal businesses, including cannabis and cannabis-related enterprises.

**Capital.** Capital is an important tool that can be utilized for growth and managing balance sheets. GoWest supports legislation and regulatory reforms that allow credit unions to access alternative sources of capital from any source if it does not convey ownership.

**Community Reinvestment Act.** Colorado credit unions directly serve the needs of their members and communities through their cooperative, member-owned structure. GoWest opposes legislation or regulations that seek to impose federal CRA-type requirements on credit unions.

**Cooperative Charter.** GoWest reaffirms its conviction that the not-for-profit cooperative credit union charter model represents the best vehicle for serving the needs of consumers.

**Creditor Rights.** GoWest supports the robust protection of priority lien rights and laws that reinforce an equitable and efficient recovery process.

**Data Privacy and Security.** GoWest supports strong protections of the personal data of consumers along with clear guidelines and transparency on the use of that data.

Despite passage of the Colorado Privacy Act, which maintains exemptions for financial institutions regulated by the Gramm Leach Bliley Act, GoWest believes that a federal data privacy standard is necessary to reduce patchwork regulation by individual states and provide consistency for credit unions serving members in other states.

The association supports legislation that would require negligent parties to reimburse financial institutions for costs associated with security breaches. The association also supports legislation that requires the entity where a breach occurred or third-party information custodians to promptly notify financial institutions of security breaches.

**Deposit Insurance.** GoWest supports the continuation of a credit-union specific insurance pool that is distinct from other financial institution insurance pools, independently governed, and vested with the authority to promulgate insurance-related rules that account for the unique aspects of credit unions as cooperative, member-owned financial institutions. The association supports credit unions having the ability to procure excess share insurance as desired.

**Disclosure of Regulatory Enforcement Information.** GoWest opposes the publication of certain regulatory enforcement information such as documents of resolution, letters of understanding, or consent orders to the public. Although the association generally supports regulatory transparency, these documents present a one-sided and negative picture of a financial institution and can be damaging to the financial institution's reputation.

**Diversity, Equity, and Inclusion.** GoWest supports legislative, regulatory, and broader public policy initiatives that promote diversity, equity, and inclusion in financial services and a commitment to increasing access for people who are currently under-resourced.

**Dual Chartering.** GoWest strongly supports a legal and regulatory system that allows dual chartering to thrive under the belief that the choice between a federal or a state charter allows for the incubation of new powers and authorities and promotes credit union self-determination.

**Field of Membership.** GoWest supports efforts to protect and enhance Colorado's field of membership structure and will defend it against threats.

**Federal Charter.** GoWest supports the expansion of field of membership for federally chartered credit unions under the Federal Credit Union Act and its implementing regulations, with the goal of removing field of membership as a barrier to serving individuals.

**Financial Education & Thrift.** As member-owned financial cooperatives, credit unions are a means by which individuals can improve their lives and remain dedicated to helping consumers achieve prosperity. GoWest supports legislation and regulation that encourages consumer savings and thrift. The association actively promotes increased financial education and wellness among all age groups and supports efforts to teach personal financial management skills that empower individuals to achieve success.

**Interchange Fees.** GoWest recognizes that interchange fees support the safe maintenance and operations of the American payment infrastructure and that this network provides tremendous benefits to both American consumers and retailers themselves. The association opposes efforts to impose artificial price controls on interchange rates and supports a system of free market negotiated interchange. The association recognizes that a loss of interchange revenue to financial institutions will be passed on to consumers in the form of more expensive products and services.

**Legislative Philosophy.** GoWest supports a charter framework that produces a diversity of options, powers and authorities and will actively advocate for such, all the while supporting self-determination for individual institutions. The association's default position will be to actively advance and defend the not-for-profit credit union charter option for one, some, or all credit unions.

**Non-Partisan Status.** GoWest supports individuals in public service and those running for office in relevant elections that, in turn, support credit union priorities regardless of political party or affiliation.

**Powers & Authorities.** Credit unions should have any power that—either exercised directly or through a CUSO—would benefit the credit union's members.

**Products & Services.** GoWest opposes any restrictions that would unduly hinder a credit union's authority to deliver credit, savings or ancillary products that are available elsewhere in the financial services marketplace. The association supports efforts to identify and eliminate predatory financial products and services.

**Public Deposits.** All Colorado credit unions have the legal authority to accept public deposits, however, all governmental entities are prevented from depositing public funds in credit unions. GoWest supports continued efforts to grant all state and local entities the ability to partner with an approved credit union.

**Regulatory Environment.** GoWest supports the maintenance of a healthy regulatory environment designed to protect credit union safety and soundness and efforts to streamline and simplify regulatory requirements on credit unions that do not negatively affect consumer interests.

**State Bank.** GoWest's position on a bank owned and operated by the state or a local government depends on the specific proposal given the wide range of organizational structures that have been discussed.

Given the robust network of credit unions already serving people and their businesses in Colorado, the association does not support a state bank that provides depository services or lending products directly to individuals and businesses or mandates that state or local municipalities deposit all taxpayer-generated and publicly held funds in its accounts.

**Systemic Risk.** GoWest recognizes that very large financial institutions may pose systemic risk to the U.S. economy. The association believes that not-for-profit credit unions do not pose this same systemic risk because of their regulatory environment and aggregate size in relation to total U.S. financial institution assets and therefore opposes the application of legislative and regulatory requirements designed to address systemic risk on credit unions.

**Taxation.** GoWest supports the historic tax exemption granted to credit union members due to their democratically controlled and not-for-profit structure as financial cooperatives. The association opposes any proposal to wholly or partially remove the tax status for one, some, or all credit unions.

**Third Party Examination Authority.** GoWest recognizes that credit unions may rely on outside service providers for mission-critical functions and supports regulatory oversight concerning a credit union's due diligence efforts to appropriately select its service providers. The association supports limited regulatory authority to examine third-party service providers that are responsible for properly securing data or maintaining mission-critical infrastructure.

**Transactions between financial institutions:** GoWest believes that consumers benefit when financial institutions remain local and community-focused and should therefore be able to purchase bank assets either as a whole or partially. Regulatory discretion and review should be limited to safety and soundness in order to promote parity among local financial institutions.