

OREGON CREDIT UNIONS

OREGON 2023 LEGISLATIVE SESSION



The 2023 Oregon legislative session was successful for credit unions, continuing a legacy of passing legislation modernizing the state Credit Union Act, advancing credit union priorities, and preventing legislation that could have been harmful to credit unions' operating environment. This is possible because of the engagement of credit union advocates.

Thank you for your support.

General Session Overview



The Oregon State Legislature convened in January at the State Capitol in Salem for what is considered the "long session." In odd-numbered years, the session may not exceed 160 days and 35 days in even-numbered years per the Oregon constitution. The full 160 days were needed in 2023 with the adjournment happening on the last day in June, the 160th day.

With a new Governor, Tina Kotek, new Senate President, Rob Wagner (D-Lake Oswego), and a second-term Speaker of the House, Dan Rayfield (D-Corvallis), the leaders got to work on the priorities of the state. The Republicans were led by longtime legislator, Senator Tim Knopp (R-Bend) and Rep. Vikki Breese-Iverson (R-Prineville).



Sen. Rob Wagner
D-Lake Oswego



Rep. Dan Rayfield
D-Corvallis



Sen. Tim Knopp
D-Bend



Rep. Vikki Breese-Iverson
R-Prineville

The 2023 Oregon Legislative Session had many challenges and opportunities. In one narrative, the 6-week walkout (the longest in Oregon history) caused a great deal of frustration as budget and policy bills sat awaiting action in the Oregon Senate. Another narrative proved it as one of the most successful for Oregon credit unions in many years. While the session was filled with headlines about a 6-week walkout, a Secretary of State resignation, a \$375 million renovation of the Capitol, and regular partisan battles, in the end, the Oregon Senate and House came together at a very fast pace, to pass several important pieces of legislation for Oregonians and for Oregon's credit unions.

With your direct engagement and support, the GoWest credit union advocacy team was involved in a significant number of items and successfully influenced individual bills, policy issues, and continued to play an important role on issues with the potential to impact how Oregon credit unions serve your members. Thank you to all members of the Oregon Governmental Affairs Committee, the 2022 Oregon State Issues Working Group, and many others who were directly involved in the success and engagement of Credit Union Day at the Capitol.



Member credit unions and the GoWest team combined to influence bills and decision-making leading to a successful session for Oregon credit unions.

Successful Credit Union Day at the Capitol

More than 170 Oregon credit union advocates turned out for the 2023 Day at the Capitol. They were not deterred by the massive construction project in the building as they fanned out to meet with their Senators and Representatives, successfully gaining support for priority legislation.



Key Policy Discussion Items

There came a point in late May when we began to wonder whether we would be celebrating one of our most successful sessions, or lamenting groundbreaking legislation that could have been passed. While HB3200, the update to the Oregon Credit Union Act, passed and was signed by the Governor early in the session, everything else we were working on was delayed by the Senate walkout. The answers came during the final days and hours when agreements were reached, and the Senate was back to work. More than 300 bills were heard in the Senate during the session's final week.

During the first week of the legislative session, Governor Kotek announced a housing emergency and asked the legislature for financial support. In the early session, lawmakers passed an ambitious \$200 million housing package, HB2002. The measure, approved in March, gives cities across the state an infusion of cash to address the housing crisis and earmarks \$27 million for rural counties. Cities will also be required for the first time to set and meet affordable housing building targets. In addition, the bill contains a larger philosophical shift when it comes to the state's land-use laws and aims to streamline the often-litigious and lengthy process of bringing more land inside the urban growth boundary.

Another early session goal was the work on the Semiconductor legislation. The work on the legislation was one of the session's first major acts to set Oregon up to be competitive for some of the \$52 billion in federal cash made available by the CHIPS and Science Act. By early April, the Legislature had approved \$210 million to help local companies develop projects that could qualify for even more federal money. Oregon credit unions were asked to testify in the Joint Committee on Semiconductors to talk about access to small business lending to support the businesses that might support and surround any growth in the semiconductor industry.

The legislature also finalized an agreement to pay Oregon's \$1 billion share of a replacement bridge on Interstate 5 over the Columbia River, a project that could cost as much as \$7.5 billion. This was the biggest transportation goal of the session as Washington State had already approved their financial commitment.

Finally, the Oregon Legislature voted to give voters the chance to decide in 2024 whether Oregon should adopt ranked-choice voting, which involves picking preferred candidates in order rather than just one, establish a commission to set salaries for elected officials, and give the Legislature the power to impeach the governor or other statewide officials. But they failed to reach any agreement on campaign finance limits.

State Budget

A biennium runs from July 1 of an odd-numbered year to June 30 of the next odd-numbered year. The 2023-25 current service level budget represents a \$27.3 billion total funds, or 25.5%, increase over the 2019-21 current service level and reflects the addition of 4,792 positions. General Funds and Lottery Funds make up \$6.1 billion of this growth. Oregonians will receive \$5.5 billion back on their taxes next year because of the state's "kicker" rebate, which kicks in when revenues collected exceed official projections.



\$27.3 BILLION

Total funds which is a 25.5% increase over the 2019-21 current service level



4,792

State positions added



\$6.1 BILLION

general funds and lottery funds are reflected in this growth



\$5.5 BILLION

back to Oregonians through the state's kicker rebate

The Politics of the Oregon Walkouts

Oregon voters passed Ballot Measure 113 in 2022 to dissuade lawmakers from staging walkouts over divisive legislation. That measure however didn't work, and the walkouts persisted in the 2023 session bringing the longest walkout in state history, lasting from May 3rd through June 15th. Under the Oregon Constitution, the House and the Senate must have a two-thirds majority of members present to meet quorum requirements. Quorum is the minimum number of members needed to conduct business. If the House or Senate do not meet quorum requirements, the Legislature is unable to vote on any legislation. Oregon currently is unusual when it comes to the quorum numbers. Among the 50 states, only four— Oregon, Indiana, Tennessee, and Texas — mandate two-thirds. During this year's session, more than 40 legislators supported a bill that would have asked voters to approve that a simple majority of lawmakers be present to conduct business. It was introduced late in session and the bill was never expected to advance. But it will be a debate in future sessions.



Credit Union Focused Legislation

With over 100 bills introduced and monitored by the Association, from estate tax changes, bills related to motor vehicle purchases, mortgage lending, cooperatives, disaster funding, housing, and broadband, it was a very active and busy legislative session.

1

House Bill 3200

Update to OR Credit Union Act, PASSED

After a year of work by the State Issues Working Group and the Oregon Government Affairs Committee, the bill cleared the House and Senate and was signed by the Governor on May 8th BEFORE the Senate walkout. The bill goes into effect January 1, 2024. These updates to the Oregon Credit Union Act include four major changes:

- HB3200A adds fiscal year flexibility for Boards to determine the best timeline, specifically for auditing purposes.
- The bill allows credit unions flexibility in setting terms of board and officer elections. Currently, law specifies that board officers (i.e., Chair, Vice-Chair, Secretary, etc.) must be elected within 60 days after each annual meeting.
- Credit unions are governed by their boards, with audit and reporting functions performed by supervisory committees. In addition, some credit unions establish other committees on which members may serve, such as a facilities committee, nominating committee, or diversity equity and inclusion committee. HB3200A allows stipends for committee service.
- Section 4 of HB 3200A would allow credit unions' current investment authority to permit investment in a company that provides products or services associated with the credit union's routine operations if the investment is related to the credit union's use of those products or services. The investment must be tied to some benefit related to the product or service and the adopted amendment gives the regulator at DCBS authority to approve these investments.

2

Senate Bill 3

The GoWest Bill on Financial Education, PASSED

Senate Bill 3, which adds a requirement for high school students to complete one half-credit of higher education and career path skills and one half credit of personal financial education in order to receive a high school diploma passed both the Oregon Senate and House. The bill is on Governor Tina Kotek's desk awaiting her signature. The bill, backed by Oregon's credit unions, received strong bipartisan support. On June 20, the bill passed the Oregon Senate by a vote of 24-1 (with 5 absent) and passed the Oregon House June 21 on a vote of 42-7 (with 1 absent). Oregon Senate President Rob Wagner and Senate Republican leader Tim Knopp introduced the innovative life skills bill. We are grateful to Senators Wagner and Knopp for their leadership and dedication to prioritizing this important legislation that will help set high school students up for success. Financial education in our schools has been a priority for Oregon credit unions for almost two decades and now we are able to deliver a tangible solution for high school students.

½ CREDIT FOR HIGHER EDUCATION AND CAREER PATH SKILLS

- Applying for Jobs
- Preparing a Resume
- Applying for Higher Education or Training Programs
- Applying for Scholarships or Financial Education

½ CREDIT FOR PERSONAL FINANCIAL EDUCATION

- Building Financial Well-Being
- Credit Scores and Credit Building
- Investments, Asset Building, Opening Accounts
- Budgeting, Modifying Spending, Paying for Loans
- Understanding Costs of Rent or Home Ownership
- Tax Preparation & Fraud Prevention

3

House Bill 3080

Electronic Vehicle Titling within Transportation Bill, PASSED

HB3080 specifies that vehicle dealer records may be maintained electronically through the Oregon Department of Motor Vehicles.

An electronic title (ELT) is a title that exists only in electronic form and is a legal document of vehicle ownership, the same as a paper title. ELT enables the state Department of Motor Vehicles (DMV) and lending institutions to exchange vehicle and title information electronically via an electronic service provider. Oregon law currently allows (but does not require) the DMV to permit credit unions to complete the process to apply for a lien in a fully electronic manner and currently law also permits DMV to issue electronic titles. Together the two statutes should give DMV all the authority it needs. However, the DMV was under no obligation to move forward to allow these titles.

We believe permitting the use of digital signatures and electronic documents, subject to reasonable and appropriate safeguards, will save the state time and expense and will reduce the amount of time and effort required of borrowers and lenders to ensure a new title certificate with the appropriate information. This bill passed out of the House and Senate and is awaiting the Governor's signature.

4

House Bill 2763**State Bank Task Force Bill, PASSED**

This legislation passed out of the House and Senate in the final hours of the session. The bill establishes a 21-member State Public Bank Task Force with a report due back to the Legislature. The Task Force would be charged with examining possible governing structures, means of capitalization, and potential benefits and harm to state and local jurisdictions and private industries.

Credit unions have a seat on this task force, and we will be providing more information in the coming months on the next steps.

5

Senate Bill 619**Omnibus Data Privacy Bill, PASSED**

The State convened a Consumer Privacy Task Force in 2019 to consider legislative proposals regarding consumers' online privacy and standards for businesses that obtain consumer data about consumers' online activities. SB619 is a product of that Task Force. The bill provides certain rights to consumers and sets responsibilities for data controllers regarding data collected from consumers' online activities and establishes the Attorney General's authority to enforce provisions. It includes exemption language for those who comply with the Gramm Leach Bliley Act (GLBA), which GoWest supported in testimony.



The protections provided by the federal Gramm Leach Bliley Act (“GLBA”) regulations governing credit unions have done their job in protecting consumers. The GLBA information security regulations require credit unions to maintain stringent data protection standards and to report data breaches to regulators and to consumers. And credit unions are regularly examined by their regulators on both their data protection and privacy practices and systems. For these reasons, an exemption for depository financial institutions is sound policy – it allows the bill to achieve the objectives of its proponents without doing unnecessary collateral damage to credit unions and their members,

- GoWest Credit Union Association

6

House Bill 2080**Garnishment and the Homestead Exemption Draft, DID NOT PASS**

This bill would have made a number of changes to the amounts listed in our garnishment statutes and requires a financial institution to leave a minimum of \$12,000 in a debtor's account. Some of the proposed changes within the bill included:

“Exempts from execution or garnishment specific property and funds of judgment debtor. Increases minimum protected wage amount from \$254 to \$1,000 per week; exempts working car, work tools, and work equipment from debt collection seizures; increases homestead exemption from \$40,000 to median home value in county where home is located; and requires financial institution to leave a minimum of \$12,000 in debtor's account. Permits plaintiff to bring action, including class action, for unlawful debt collection practice within six years after discovering unlawful practice and increases amount of recoverable statutory damages.”

The Association submitted testimony in opposition to HB2008. The bill died during the legislative process, but we expect it will be brought up again next year.

7

House Bill 3492

Pilot Program for Lending, DID NOT PASS

This legislation would have implemented a pilot program to create a special purpose credit program to help individuals who have ITINs to obtain more affordable financial products so they could become homeowners. Several credit unions joined GoWest in supporting this legislation, however, the bill was still in committee upon adjournment.

8

House Bill 2447A

Changes to Decedent's funds on Deposit, PASSED

This bill makes amendments to the DHS/OHA right to make a claim against a decedent's account and it clarified a cutoff for DHS/OHA claims to be paid from the decedent's funds on deposit. Oregon credit unions supported the clarification provided in HB2447A and appreciated the amendment in the bill that applied the provisions in Oregon credit union statutes. Effective: January 1, 2024.

9

DCBS budget

GoWest Testimony on the DCBS budget

Each session, the GoWest Credit Union Association is asked to review and testify during the budget hearing for the Department of Consumer and Business Services. We share with legislators the work we do with our regulator. From our testimony this session:



It is very important that we preserve a strong state charter, and thus a strong dual charter system (both Federal and State) enabling credit unions to choose the charter that best meets their members' needs. Thanks to the Oregon Legislature and a progressive regulator, the state charter has proven nimbler than the Federal Charter, enabling more responsive and responsible updates to our State Credit Union Act. The examination process with our state regulator is fair, with an emphasis on safety and soundness, ensuring state-chartered credit unions are well run, with a focus on responsibly serving their members. From the perspective of GoWest member credit unions, examinations are viewed as an opportunity to partner with the regulator to identify ways in which they can better serve the members, while operating in a safe and sound manner

- GoWest Credit Union Association

Business/Workforce Bills

The GoWest Credit Union Association works with other business groups to support and oppose legislation that impacts credit unions as small businesses. Here are examples of some key policy bills that PASSED:

HB3205

GoWest and other business organizations signed a letter supporting this bill, which would have exempted hiring and retention bonuses from the Equal Pay Act to help address staffing and hiring shortages. Instead, the bill was amended and directs the Commissioner of BOLI to adopt rules regarding Oregon's pay equity laws, including clarification around the payment of bonuses based on bona fide factors.

SB999

The family and medical leave insurance program, known as Paid Leave Oregon, was enacted by the Legislative Assembly in 2019. Paid Leave Oregon allows Oregon employees to take paid time off for specified family, medical, or safety-related leave, such as family leave to care for a family member with a serious illness or family

leave to care for a child following birth. Paid Leave Oregon required employees and employers with 25 or more employees to begin making contributions into the program on January 1, 2023. Senate Bill 999 makes several modifications to Paid Leave Oregon and OFLA, including requiring employers to offer an employee who returns from leave and whose employment no longer exists an equivalent position at a job site located within 50 miles of the original job site and requiring consideration of whether there is a significant personal bond resembling a family relationship to determine whether a person qualifies as a family member by reason of affinity. The goal of this bill was to align the Oregon Family Leave Act with the new paid family and medical leave insurance program. This legislation became effective June 7, 2023

SB900

This bill, in its final version, will establish an organized retail theft grant program to assist cities, counties, Department of State Police, and community-based organizations in addressing organized retail theft. It directs the Oregon Criminal Justice Commission (CJC) to administer the program and appropriates \$5,000,000 to the CJC for purposes of the program.

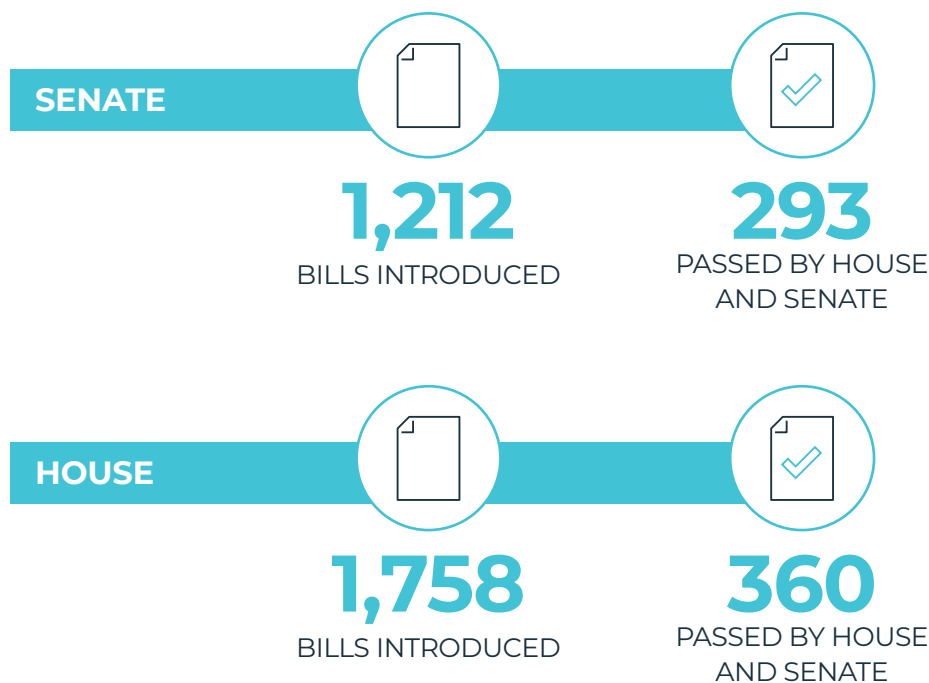
SB1089

Senate Bill 1089A establishes the Universal Health Plan Governance Board within the Department of Consumer and Business Services and directs it to present to the Legislative Assembly and the Governor, no later than September 15, 2026, a comprehensive plan for implementation of a Universal Health Plan.

SB498

The bill will exempt the first \$15 million of assets from estate taxation for agricultural and natural resource family businesses if those businesses remain in family hands for at least five years after the decedent's death. This is a step forward in efforts toward broader estate tax reform.

By the numbers



THE GOVERNOR HAS UNTIL AUG. 4TH TO SIGN BILLS.

The Association appreciates your past, present, and future engagement to help share insights and analysis about impacts of state policies, build relationships with your local officials, and participate in campaign meetings.

As always if you have any questions on any of the items below or more, please do not hesitate to contact me directly.



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OREGON CREDIT UNIONS