COLORADO CREDIT UNIONS

2024 Legislative Recap

The Colorado General Assembly kicked off the second regular session of the 74th General Assembly on January 10th and wrapped up its 120th day on May 8th.

During the 2024 session, the legislature passed more than 500 of the more than 705 bills proposed this session. The race to the finish line was strenuous and full of debate as more than 230 bills were still making their way through the process with just three days to go.

Legislative leadership opened the session with calls for civility and productive discourse. Both the Governor and legislative leadership laid out their broad goal of ensuring Colorado was a safe and affordable place for people to live, work and play. The policy specifics included transportation, clean energy and the environment, housing, and public safety.

In total, the General Assembly introduced 705 bills, 233 in the Senate and 472 in the House. The Governor was required to take action within 30 days of receipt of the bills.

> **Thank you to the many credit union advocates who in one way or another ensured success this year. Whether that be by attending the Day at the Capitol, testifying in favor or credit unions' priority legislation, responding to a Call to Action, providing feedback on the real-world implications of proposed policies, serving on an advocacy committee, or even keeping an eye on the happenings via the Advocacy Blog, it all matters.**

2024 Agenda: Credit Union Goals and Results

Priority: **Re-authorize the Division of Financial Services**

The Colorado General Assembly sets specific dates that a particular agency, board, or function of government will terminate unless the legislature passes new legislation to continue. So, the "sun sets" on that part of government if it is not reauthorized. In Colorado, a sunset review will generally question the need for regulation and look for the least restrictive level of regulation consistent with the public interest.

FUN FACT

The term "sunset legislation" was originally coined in Colorado in the 1970s as a response to problems with regulatory boards, regulatory efficiencies, and government transparency. Many states now have sunset provisions, and the specific provisions may differ among states.

This year, The Department of Regulatory Agencies reviewed the regulation of two Divisions that impact credit unions. They issued reports after many months of review and after hearing from many credit union advocates on the issues that matter to them in order to educate the agency, protect credit unions, and make positive changes to the regulatory structure.

The Division of Financial Services has been reviewed twice in the last two decades. The past two Sunset reports have had zero policy recommendations for credit unions. Thanks to your efforts, the Division of Financial Services report included 6 total recommendations – all of which were requested by credit unions and all of which were included in the bill, House Bill 1381.

> Thank you to the Colorado credit union leaders that engaged in the efforts to influence this process.

Here is what was in the bill:

Continuation of the Division of Financial Services regulation.

- An amendment in the House shortened the sunset period from 15 years to 9 years, which will allow credit unions the opportunity to revisit and modify their regulation during the next Sunset Review.

Provide explicit authority for a Colorado-chartered credit union to merge with a credit union in another state.

- Due to the lack of clear authority in current law, a Colorado state-chartered credit union previously had to convert to a federal charter to then merge with an out-of-state credit union, which negatively impacted state resources for the Division of Financial Resources.
- This was an unnecessary, costly, and inefficient process to achieve the ultimate outcome. Financial institutions face increasing cost and efficiency pressures each year and a merger can be one way to achieve some additional economies of scale and offer broader products and services to more members.
- With this change, merging credit unions will determine which state to maintain their charter with a vote by membership and consultation with state and federal regulatory officials.

Modernize the authority of the state Financial Services Board and commissioner to assess a financial penalty for misconduct.

- The authority to assess a civil money penalty to deter misconduct that negatively impacts the financial system had not been updated since 1987, and the legislation increased the maximum from $1,000 to $5,000 per day.

Repeal the prohibition on overlapping geographic fields of membership.

- Previously, an outdated provision required the Financial Services Board to approve an overlapping geographic field of membership. Removal of this outdated provision will give the regulator the authority to grant FOM expansions and allows the Financial Services Board to focus on critically important issues.
- According to DORA's sunset review report, "this requirement is unnecessary and restrictive and should be repealed…credit unions should be and generally are allowed to compete with each other."

Enable a credit union's board to set the fiscal year and annual meeting dates.

- Previous law required the credit union's fiscal year to be the end of the calendar year and for the annual meeting to be within the next five months.
- All credit unions are required to conduct annual audits and there are a limited number of firms qualified to conduct these audits.
- By allowing a credit union to set its own fiscal year end date, there will be better ability to conduct audits and align other processes in a way that may work best for each organization.

Repeal requirement of the Financial Services Board to send registered mail notice to other financial institutions near a credit union newly providing services.

- Previously, when a financial institution was newly serving a certain community, the board had to send mail notifying other financial institutions in the same area. Doing so via certified or registered mail added unnecessary costs and processes to the division when other methods are available to make entities aware.

Result: PASSED

House Bill 1381 passed the legislature with large margins and was signed by the Governor on June 3rd.

Thanks to our sponsors:

Representative
Cathy Kipp

Representative
Matt Soper

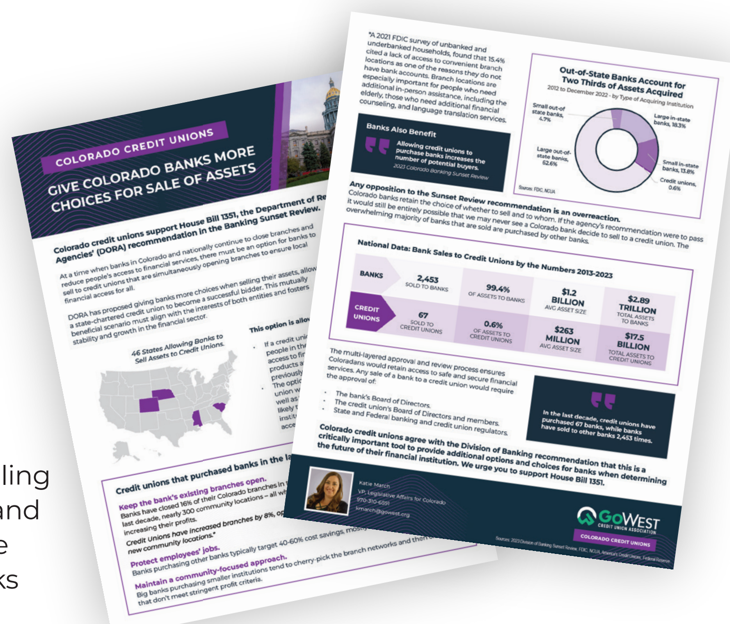
Senator
Kyle Mullica

Senator
Chris Hansen

Priority: Allow Banks to sell their assets to credit unions

The Sunset review for the Division of Banking also occurred during the 2024 legislative session. The Department of Regulatory Agencies' recommendations for this legislation included a provision to allow banks the option to sell their assets and liabilities to a credit union. The House reviewed DORA's recommendations and decided to include this provision in **House Bill 1351**, despite opposition from the banking industry.

This legislation quickly became a hot button issue, pitting credit unions against banks. Credit union advocates showed up in droves to support the legislation by emailing, calling, and meeting with legislators and testifying in front of and attending multiple committee meetings.



The legislation gained strong support in the House thanks to our two incredible sponsors, Representatives Judy Amabile and William Lindstedt.

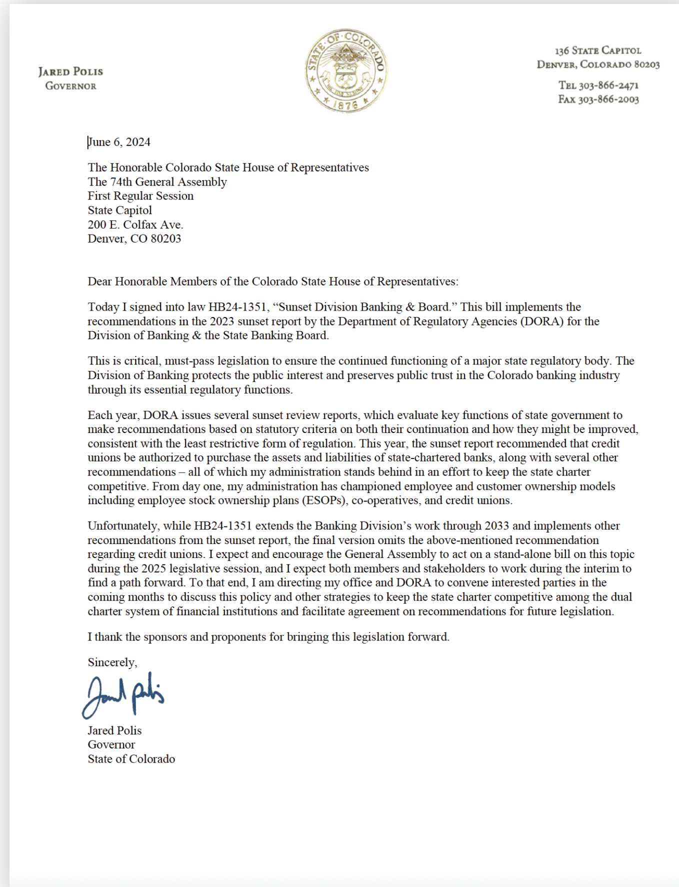
After passing the House, the bill headed to the Senate, where it was assigned Senate sponsors who sought to remove the pro-credit union provision from the bill. The Senate Business committee removed this provision from the bill by a one vote margin and upheld the vote on the Senate floor by a narrow four vote margin.

On the final day of session, during the process of reconciling the House and Senate versions of the bill, credit unions and banks were asked by the Governor's office and legislative leadership to find compromise on the bill. With the banks refusing to find any compromise with credit unions, the Governor's office instead asked credit unions to run a bill during the 2025 session that would address this issue. In the signing letter, the Governor states his support of the policy and directs the legislature "to act on a stand-alone bill on this topic during the 2025 legislative session."

> **“…the sunset report recommended that credit unions be authorized to purchase the assets and liabilities of state-chartered banks, along with several other recommendations – all of which my administration stands behind in an effort to keep the state charter competitive. From day one, my administration has championed employee and customer ownership models including employee stock ownership plans (ESOPs), co-operatives, and credit unions.”**
>
> Governor Jared Polis

Result: PROGRESS

While there was no final resolution on the subject of whether a bank should be allowed the option to sell their assets to a credit union, credit unions made significant progress on educating lawmakers on the issue and showcasing a new level of credit union advocacy. There is a plan to bring this bill back during the 2025 legislative session and work in partnership with the Governor’s office and our legislative champions to move this policy proposal forward.



JARED POLIS
GOVERNOR

136 STATE CAPITOL
DENVER, COLORADO 80203

TEL 303-866-2471
FAX 303-866-2003

June 6, 2024

The Honorable Colorado State House of Representatives
The 74th General Assembly
First Regular Session
State Capitol
200 E. Colfax Ave.
Denver, CO 80203

Dear Honorable Members of the Colorado State House of Representatives:

Today I signed into law HB24-1351, “Sunset Division Banking & Board.” This bill implements the recommendations in the 2023 sunset report by the Department of Regulatory Agencies (DORA) for the Division of Banking & the State Banking Board.

This is critical, must-pass legislation to ensure the continued functioning of a major state regulatory body. The Division of Banking protects the public interest and preserves public trust in the Colorado banking industry through its essential regulatory functions.

Each year, DORA issues several sunset review reports, which evaluate key functions of state government to make recommendations based on statutory criteria on both their continuation and how they might be improved, consistent with the least restrictive form of regulation. This year, the sunset report recommended that credit unions be authorized to purchase the assets and liabilities of state-chartered banks, along with several other recommendations – all of which my administration stands behind in an effort to keep the state charter competitive. From day one, my administration has championed employee and customer ownership models including employee stock ownership plans (ESOPs), co-operatives, and credit unions.

Unfortunately, while HB24-1351 extends the Banking Division’s work through 2033 and implements other recommendations from the sunset report, the final version omits the above-mentioned recommendation regarding credit unions. I expect and encourage the General Assembly to act on a stand-alone bill on this topic during the 2025 legislative session, and I expect both members and stakeholders to work during the interim to find a path forward. To that end, I am directing my office and DORA to convene interested parties in the coming months to discuss this policy and other strategies to keep the state charter competitive among the dual charter system of financial institutions and facilitate agreement on recommendations for future legislation.

I thank the sponsors and proponents for bringing this legislation forward.

Sincerely,

Jared Polis
Governor
State of Colorado

Thanks to our sponsors:

Representative
Judy Amabile

Representative
William Lindstedt

Priority: **Protect Credit Unions’ ability to lend in Colorado**

House Bill 1148 was intended by the sponsors, Reps. Weissman and Mabrey and Sen Gonzales, to be a continuation of their efforts from the 2023 legislative session to stop predatory lenders in Colorado from taking advantage of consumers.

After extensive education and conversation with Rep. Weissman last year, credit unions were proud to be invited to the negotiation table early in the process to discuss the bill. The sponsors agreed before the bill was even introduced that credit unions should be exempt from the new law, after they learned about our current oversight and regulation and heard about the work credit unions do on behalf of their members and communities.

Result: After the credit union’s exemption was negotiated, the bill ran into trouble from other stakeholders and failed to receive the votes it needed and died in its second chamber in the Senate Finance Committee. We anticipate that this bill will return in future legislative sessions and are very proud of the relationship we have built with the sponsors which will allow us to continue the conversation to find a solution that will not negatively impact credit unions and their members and will protect Colorado consumers.

Priority: Protect Credit Unions' ability to advertise

House Bill 1151 would have prohibited a person from advertising a price for a product, good, or service that does not include all mandatory or nondiscretionary fees or charges. The bill stipulated that a violation of this prohibition would be considered a deceptive trade practice enforceable by the attorney general or a district attorney.

After voicing concerns with the drafting of the bill and the potential unintended consequences it would have on the financial sector, the bill sponsor agreed to exempt most of the services that would have impacted credit unions including many advertisements for products or services already regulated at the federal level.

Result: After the exemption was secured, this bill also ran into trouble in its second chamber and died in the Senate Business Committee.

Other items of note

Taxes

Every year, Gov. Jared Polis calls on lawmakers to work on reducing the state's income tax rate. While Republicans have offered measures year after year, it has been a nonstarter for Democrats. Until this year.

Senate Bill 228 TABOR Refund Mechanisms - brought both sides to the table: Democrats who wanted Polis to sign off on certain tax credits and Republicans who have always wanted income tax rate reductions.

Senate Bill 233 Property Tax Reform - The effort to address skyrocketing property taxes also received a bipartisan boost in the session's final three days with SB 233, which reduces property tax assessment rates for homeowners and commercial building owners.

However, the property tax fight is far from over.

The end of the legislative session marks the beginning of a ballot measure battle over property taxes. One ballot initiative seeks to reduce residential and business property tax rates down to roughly 2022 levels and cap future revenue growth to no more than 4% year over year. Initiative advocates said they are not convinced the agreement struck by Gov. Jared Polis, Democrats and Republicans would offer meaningful relief to businesses and homeowners. Meanwhile, the deal's supporters said it would do exactly that — while also considering the fiscal needs of local governments and school districts. The lawmakers' property tax bill will not go into effect if voters approved this ballot initiative.

Housing

Housing also took center stage in 2024, with lawmakers tackling dozens of bills, instead of an "omnibus" or all-in-one measure, as was the case last year. About 20 bills attempted to address the state's affordable housing crisis, and most passed including:

House Bill 1313 Housing in Transit-Oriented Communities - Mandates 31 municipalities located within five metropolitan planning organizations on the Front Range and in Grand Junction to incorporate housing density goals along transit routes.

Housing Continued

House Bill 1152 Accessory Dwelling Units - Requires local governments to allow accessory dwelling units, also known as granny flats or tiny homes, on single-family properties.

House Bill 1175 Local Governments Rights to Property for Affordable Housing - Allows local governments the right of first refusal to purchase affordable multifamily housing.

House Bill 1098 Cause Required for Eviction of Residential Tenant - requires landlords to show cause for evicting residential tenants.

What did not pass:

Construction defects: Two major measures attempted to change the state's construction defects law, but negotiations failed, and both bills died the final week of session. A third bill requiring a study of liability insurance costs for construction companies, a major issue cited by home builders for not building condos, also failed to advance.

Business & Workforce

Despite a flurry of bills in recent legislative sessions, business and workforce issues were relatively tame this year as leadership and the Governor's office focused on housing affordability and other priorities.

SB24-205 Consumer Protections for Artificial Intelligence - The bill as introduced requires a developer of high-risk artificial intelligence to use reasonable care to avoid algorithmic discrimination. Under this bill, developers must achieve this through disclosures and impact assessments, among other requirements. Since the bill does not take effect until February 2026, many stakeholders are focusing on contributing feedback on the issue through the AI taskforce bill (**HB24-1468**) and engaging with the Governor's office directly.

HB24-1001 Reauthorization of Rural Jump-Start Program - continues the rural jump-start zone grant program, which is currently set to terminate on July 1, 2024. The program is a collaborative effort to incentivize new businesses to start or move to rural, economically distressed counties in Colorado, referred to as Rural Jump-Start zones, and hire new employees.

What did not pass

HB24-1014 Deceptive Trade Practice Significant Impact Standard - Aimed to eliminate a judicially created requirement that limited the application of the Colorado Consumer Protection Act requiring that an injured individual or business must prove that an unfair, unconscionable, or deceptive act or practice "significantly impacts the public."

HB24-1260 Prohibition Against Employee Discipline - prohibited an employer from requiring an employee to attend meetings, listen to speech, or view communications concerning religious or political matters. This bill was vetoed by Governor Polis.

2024 Legislative Session by the Numbers

55

testimonies submitted by credit union advocates on behalf of priority bills

500+

bills passed

158

Credit Union Day at the Capitol attendees in Colorado

1,690+

emails sent to legislators from credit union advocates

120+

calls to legislators from Credit Union CEOs and Executive Teams

120

days of session

100

Valentines cookies sent to legislators

705

bills introduced

300

Breakfast burritos consumed by credit union advocates

Credit union advocates make impact at the Capitol

Over 150 advocates visited Denver in February to hold 99 meetings with state lawmakers and share the great work credit unions do every day to serve their members and meet the needs of local communities.

Whether it was to build a new or enhance an existing relationship, Colorado lawmakers now have more information on the critical work and priorities of Colorado credit unions and will look forward to continuing hearing from you in the future.

Thank you to everyone who made the trip – these events are incredibly valuable to our ability to advance credit union priorities and we recognize that the time away from doing your daily work is a significant contribution and commitment.

Press Coverage

THE COLORADO SUN	Opinion: For Colorado, giving banks the option to sell to credit unions makes good economic sense
BizWest	Agnes: Let's keep banking prosperity local
THE DAILY SENTINEL GRAND JUNCTION, COLORADO	Troester: Colorado banks must be able to sell to credit unions
S&P Global	Colorado depositories spar over bill seeking to greenlight CU-bank deals

Credit union champions in the legislature

Rep. Judy Amabile
Sponsored the Banking Sunset bill and championed the provision that would allow a bank to sell their assets to credit unions

Rep. William Lindstedt
Sponsored the Banking Sunset bill and championed the provision that would allow a bank to sell their assets to credit unions

Rep. Sheila Lieder
Spoke on behalf of credit unions in House Business committee and on the floor, helped to whip votes

Rep. Javier Mabrey
Spoke on behalf of credit unions in House Business committee and on the floor

Rep. Cathy Kipp
Sponsored the Credit Union Sunset bill

Sen. Kyle Mullica
Sponsored the amendment to reinsert the credit union provision into the Banking Sunset bill and spoke on our behalf on the Senate floor

Sen. Julie Gonzales
Sponsored the amendment to reinsert the credit union provision into the Banking Sunset bill and spoke on our behalf on the Senate floor

Sen. Tom Sullivan
Spoke on behalf of credit unions in the Senate Business committee

Major thanks to the other legislators that stuck with credit unions on every vote!

Speaker Julie McCluskie
Maj. Leader Monica Duran
Rep. Jennifer Bacon
Rep. Andy Boesenecker
Rep. Kyle Brown
Rep. Chad Clifford
Rep. Lindsey Daugherty
Rep. Chris deGruy Kennedy
Rep. Regina English
Rep. Elisabeth Epps
Rep. Meg Froelich
Rep. Lorena Garcia
Rep. Eliza Hamrick
Rep. Tim Hernandez
Rep. Leslie Herod
Rep. Iman Jodeh
Rep. Mandy Lindsay
Rep. Bob Marshall
Rep. Julia Marvin
Rep. Tisha Mauro
Rep. Karen McCormick
Rep. Barbara McLachlan
Rep. David Ortiz
Rep. Jennifer Parenti
Rep. Manny Rutinel
Rep. Emily Sirota
Rep. Tammy Story
Rep. Brianna Titone
Rep. Alex Valdez
Rep. Elizabeth Velasco
Rep. Stehanie Vigil
Rep. Mike Weissman
Rep. Jenny Willford
Rep. Steven Woodrow
Rep. Mary Young
Sen. Janet Buckner
Sen. Lisa Cutter
Sen. Jessie Danielson
Sen. Tony Exum
Sen. Rhonda Fields
Sen. Julie Gonzales
Sen. Nick Hinrichsen
Sen. Sonya Jaquez Lewis
Sen. Janice Marchman
Sen. Dafna Michaelson Jenet
Sen. Faith Winter
Sen. Rachel Zenzinger

Want to learn more about how bills passed this session impact your credit union?

Check out GoWest's compliance report **here**.

What lies ahead

With the end of the 2024 legislative session lawmakers now turn their attention to a major election year that will see most legislative seats on the ballot alongside statewide and national elections. Credit unions will engage in that process and also continue ongoing legislative work as well as plan for future initiatives.

Katie March
VP, Legislative Affairs for Colorado
970-310-6591
kmarch@gowest.org

GoWest CREDIT UNION ASSOCIATION
COLORADO CREDIT UNIONS