

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7968

BILL NUMBER: HB 1564

DATE PREPARED: Mar 31, 1999

BILL AMENDED: Mar 30, 1999

SUBJECT: Credit union matters.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill allows a credit union to convert to a mutual savings bank.

This bill eliminates the cap on locator fees for accounts without current address information. It also eliminates the requirement that credit union real estate loan proceeds be used for development within one year of the date of the loan.

This bill makes certain other changes related to credit unions.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill requires the Department of Financial Institutions (DFI) to prescribe procedures for the conversion of a credit union to a mutual savings bank. The bill provides that the DFI may: (1) approve or disapprove the plan of mutual bank conversion; and (2) adopt rules to implement the conversion. All of these provisions can be done within the existing budget of the DFI and an additional state General Fund appropriation is not needed.

Explanation of State Revenues: The Financial Institutions Tax is calculated differently for mutual savings banks and credit unions. A conversion from a credit union to a mutual savings bank could effect the amount of taxes paid into the Financial Institutions Tax. The revenue collected under the tax is distributed to local units of government according to a prescribed calculation and the remaining revenue is deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: See "Explanation of State Revenues."

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected: Local units of government.

Information Sources: