

FISCAL IMPLICATIONS

According to the Regulation and Licensing Department (RLD), this bill would generate approximately \$146.8 in new general fund revenue, based upon 2002 net income totals for the one state chartered credit union in New Mexico that would qualify for corporate income tax.

RELATIONSHIP/CONFLICT

This bill relates to the Credit Union Regulatory Act, Chapter 58, Article 11 NMSA 1978 and conflicts with the Credit Union Regulatory Act Section 58-11-61.

TECHNICAL ISSUES

The Regulation and Licensing Department (RLD) recommends the following technical changes to this bill:

- Page 7, lines 10-12, the word “related” is not well defined. One of the qualifying factors is two or more credit unions having names that include one or more similar words. The use of similar words in the credit union name may not be a good indicator that credit unions are related to one another. For example, the word “employees” is found in the name of credit unions throughout the state. The word “employees” may refer to school employees, state employees, railway employees, etc. Currently seven state chartered credit unions have the word “employees” in their name. None of these credit unions have any relationship with each other and they are located in Artesia, Belen, Carlsbad, Chavez County- Roswell, Colfax County-Raton, Deming and Santa Fe.
- Page 7, line 13, the words “main office” is not defined.
- Page 7, line 20, the word “report” is not defined.
- Page 7 line 20, the word “report” is not defined and the bill does not indicate when the “report” should be filed with the RLD Financial Institutions Director. State chartered credit unions currently file semi-annual reports to the Director pursuant to 58-11-7 NMSA 1978. All credit unions, both federal and state chartered, file a quarterly Financial and Statistical Report with the National Credit Union Administration (NCUA) pursuant to NCUA Rules and Regulations Part 741.6. A copy of this quarterly Financial and Statistical Report is also provided to the Financial Institutions Division.

OTHER SUBSTANTIVE ISSUES

The taxable credit union requirement in this bill only applies to New Mexico state chartered credit unions. The single New Mexico credit union that meets the definition of a taxable credit union could convert to a Federal charter in order to avoid taxation. Thus, HB 947 may result in New Mexico having only state chartered credit unions with less than \$100.0 million in total assets.