

Date: March 20, 2017

To: Senator Rick Wilborn, Chairman
Senate Judiciary Committee

From: Stephanie Mullholland, Director of Legislative & Political Affairs
Heartland Credit Union Association

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to submit testimony in support of House Bill 2153, which would clarify state statute regarding fee sweeps and increase transparency for those entities that pay fee funds. Heartland Credit Union Association represents the 86 credit unions headquartered in Kansas. The majority - 67 Kansas credit unions – are state-chartered and therefore regulated at the state level by the Kansas Department of Credit Unions (KDCU).

HCUA believes that passage of HB 2153 would:

Better protect stability for regulatory agencies and the industries they regulate

Budget stability is a critical factor for both regulatory agencies and the entities they regulate. HB 2153 recognizes that the state's practices regarding the sweeping of fee funds from agencies such as the KDCU, creates uncertainty in the regulatory agency's budget. Those practices also create budget uncertainty for the financial institutions being regulated. Credit unions are assessed annual examination fees by the KDCU in order to fully fund the agency and underwrite the costs associated with regulation at the state level. When those fees are swept, the likely recourse for the agency to recoup funds to uphold its regulatory responsibilities is to assess additional funds from the credit unions. Such assessments involve charging these entities again for a fee which they have already paid.

Increase transparency for those entities paying fee funds

HB 2153 would bring more transparency to the process. Under the provisions of this bill, notification would be required to credit unions and other regulated entities if the regulatory fees they have paid are being swept to fund other purposes.

We appreciate your consideration of HB 2153.