

Montana's 64nd Legislative Session

The Montana Credit Union Network represented all of Montana's credit unions at the state Legislature from January 5 to April 28, 2015. This work included analyzing legislation, lobbying contacts, testifying before committees, and coordinating grassroots efforts.

Donya Parrish, MCUN VP of Dues Services, was our primary lobbyist. She worked to set priorities and influence the outcome of bills that were identified as being important to credit unions.

Here are a few interesting numbers from this particular session:

- 2,471 bills drafted
- 1,187 bills introduced
- 566 bills killed
- 86 legislative days worked (out of a possible 90)

Below is a summary of some of the legislation that we were involved with this session. Contact Donya (donya@mcun.coop) if you have any questions or need further detail.

CREDIT UNION SUPPORT

HB 74 AG Data Breach Notification **Passed**

-Montana businesses are already required to send notification to any consumers affected by a data breach of personal information. This simply adds a requirement to also notify the Consumer Protection Division so they can assist any consumers that contact them with questions.

Effective October 1- Recommend updating security procedures and policy to include notice

SB 39 Patent Troll Reform **Passed**

-Credit unions, banks, and other businesses across the United States have received threatening letters regarding technology they are using that is patented. There are legitimate patents that are not impacted by this bill, but it deters frivolous claims intended only to get small businesses to pay claims they cannot afford to fight.

Effective Immediately- Recommend contacting MCUN or Attorney General's office immediately if you receive any kind of demand letter regarding a patent.

HB 287/SB 116/SB 194 Elderly Homeowner & Renters Tax Credit **Failed**

-Three different bills were introduced to make changes to the elderly homeowners and renters tax credit. One would have increased the amount, and the other two were intended to correct an interpretation by the Department of Revenue. All got close, but did not pass. We supported them due to the impact to low income individuals that are served through the VITA sites that often state the importance to their tax volunteer.

SB 53 Credit Union Boards of Directors **Passed**

-Bill was put forth by the Division of Banking to clarify delegable and non-delegable duties of boards. This will remove confusion with rate setting, but also require state-chartered boards to receive financial literacy training within six months of joining board.

Effective October 1- Recommend planning for financial literacy training. MCUN plans to hold a session this summer applicable to all credit unions and will notify you of it. May need to review board policies, especially as it relates to rate setting and board duties.

HB 550 Revise Credit Union Act **Passed**

- The Montana Credit Union Act (Title 32, Chapter 3) was last updated in the 2003 session. This bill is the result of 18 months of work with a committee representing all eight impacted credit unions, as well as ongoing work with the Division of Banking, the regulatory authority for state chartered credit unions. The addition of definitions will provide better clarity in implementation. Credit unions will also now have required supervisory committees, audit options more commiserate to their size, the ability to invest in revenue bonds, and authority to provide favorable rate loans to employees.

Effective October 1- Look for proposed rules from the Division on supervisory committee role and investments. Audit policies may need to be updated and employee loan programs can begin after Oct. 1.

HB 232 Minor ID Theft Victim **Passed**

-Increases the fine from \$1,000 to \$1,500 for identity theft when the victim is a minor. That is the fastest growing segment of identity theft fraud, and very difficult to detect until years later.

Effective October 1

SB 328 Best Bet Education Savings **Failed**

-Would have allowed for lottery monies to fund a \$25 savings account for each child born in the state with simple checkbox on birth certificate and matched up to \$200 in the first two years of their life if family saved matching amount. Was intended to incent savings and promoted by SAF, but funding source became problematic.

SB 393 MVD fees and online licensing **Passed**

-Extends fees for titles and liens that were set to sunset. The fees support the MERLIN system and IT communication between the state and county registration. We have supported this program since 2002 and continue to support it as it moves to the final stage, which should allow for electronic lien filing and release. We are told October 2015 is a possible timeline for that functionality. The bill also allows for online drivers license renewal, with limitations that are similar to current law for mail renewal.

Effective October 1 for most and January 1 for online renewal

SB 306 Notary Law Revision **Passed**

-Consolidation of notary laws to put them all in one area of statute. In addition, now allows for e-notary to be performed. Secretary of State's office will be crafting rules and providing training this fall for this provision as it could be handy for credit unions needing notarized documents from members who cannot be present.

Effective October 1- Recommend watching for training opportunities when e-notary rules ready.

SB 266 Uniform Digital Assets Act **Failed**

-In this digital age, fiduciaries, and especially personal representatives of estates, are often faced with trying to figure out where online accounts and assets (including photos, insurance, etc) exist. Companies do not yet have good processes in place for allowing fiduciaries access, so this uniform law allowed for permission and guidelines. Delaware is the only other state with it in place and privacy and online companies argued it was premature. It is expected that we will see success in something similar next session.

HB 29 Appraisal Apprentice Program **Passed**

-The economic downturn in Montana forced some appraisers out of the business. Along with the new national rules for Appraisal Management Companies, it has created a shortage of appraisers in the state, especially in rural areas. 37% of Montana counties have no appraiser so prices are higher and wait times for loans are increasing. This bill allows for an apprentice type program to incent existing appraisers to train others in the field.

Effective October 1- No changes recommended at credit union level.

CREDIT UNION OPPOSITION

HB 371 Strip concealed carry exemptions **Failed**

- This bill would have removed the exemption in current law that does not allow concealed carry of weapons into financial institutions (among other places). It would have created a safety issue for employees, especially in those credit unions who do not own their property and may not be able to post that weapons are not allowed.

HB 505 Second Amendment Referendum **Failed**

-There was broad concern that this bill would endanger private property rights and make it difficult, if not illegal, for credit unions to post that weapons are prohibited on their properties. It was poorly worded and no one could provide the actual language that would go before voters.

SB 346 State Farm Exempt from SAFE Act **Failed**

-Montana enacted SAFE Act provisions in the 2011 and 2013 sessions to comply with federal law. They do not allow for a relationship like State Farm has with their agents (who promote mortgages), that of an independent contractor rather than employee. They are working toward a special carve-out on a state by state basis. We opposed this as there would be no clear

oversight of the agent since not an employment situation. We testified that their carve-out should occur at the federal level.

SB 23/25 Condo conversion **Failed**

-This series of three bills (one we did not oppose since it had no impact direct to credit unions or the loan/lien) were intended to change the process for conversion of a condo to a townhouse. They were poorly written and did not provide adequate notice timelines, control, or options for the lien-holder.

MONITORED FOR IMPACT

HB 225 Funeral Trust Accounts **Passed**

-This bill made an adjustment to the number of days allowed for deposit of payments to a trust from 3 to 10. The argument was made by proponents that they need more time with changes in mail service in the state. In addition, it now allows for accounts to be held at financial institutions that are not domiciled in the state but have a physical branch location.

Effective October 1- No changes expected in credit union operations.

SB 280/281 Mortgage Statute of Fraud **Failed**

-The Morrow case involved homeowners in White Sulphur Springs whose home was foreclosed upon by Bank of America, despite phone conversations in which they were told to skip a payment so they would qualify for a special modification program. The case was settled after the Montana Supreme Court sent it back to the lower court. The Montana Bankers Association was the primary advocate on these bills, but we chose not to get involved due to the anti-consumer nature of them, and the fact that during all testimony it was pointed out that the statute was only applicable to fraud cases and no Montana financial institutions are engaging in those practices. We did not feel it was appropriate to be defending practices at Bank of America.

SB 396 Transportation Network Co (UBER) **Passed**

-Bill would allow for transportation network companies to operate in Montana and provides framework for insurance requirements for drivers. Of interest to credit unions, who may hold liens on the vehicles used for this commercial purpose. We worked with multiple parties to improve the language and required insurance at all stages of the transaction. *Note, there is also a TNC study bill that will look at this industry during the interim. We hope to improve even further upon language in the 2017 session after some experience and development of more specialized insurance products.

Effective July 1, 2015- Recommendation is to review your loan agreements and coverage requirements and put out notice to members who may be driving for Lyft, Uber, and other TNCs to ensure collateral is protected. Memo coming from MCUN.