



General Assembly

January Session, 2023

Committee Bill No. 657

LCO No. 5118



Referred to Committee on BANKING

Introduced by:
(BA)

**AN ACT CONCERNING THE FIELDS OF MEMBERSHIP OF
CONNECTICUT CREDIT UNIONS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 36a-438a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2023*):

3 (a) (1) Except as provided in subdivision (2) of this subsection, the
4 field of membership of a Connecticut credit union is limited to: (A) [a]
5 A single common bond membership; [] (B) a multiple common bond
6 membership; [or] and (C) persons within a well-defined community,
7 neighborhood or rural district.

8 (2) The field of membership of a Connecticut credit union may
9 include: (A) [members] Members of the immediate family or household
10 of all persons included under subparagraphs (A), (B) and (C) of
11 subdivision (1) of this subsection; [] (B) organizers and employees of
12 such credit union; [] (C) the surviving spouse of a deceased member of
13 such credit union; [and] (D) notwithstanding any change in
14 employment, occupation, residence or other condition initially
15 controlling the eligibility for membership in any Connecticut credit

16 union, any person properly admitted to membership in a Connecticut
17 credit union, [. Such] and such person may continue membership
18 therein during such person's lifetime; (E) partnerships in which the
19 majority of the partners are individuals who are members of such credit
20 union; (F) corporations in which the majority of shareholders are
21 individuals who are members of such credit union; (G) organizations of
22 individuals who are members of such credit union; and (H) associations
23 of individuals, provided such associations were formed to serve a
24 purpose other than expanding the field of membership of such credit
25 union. The commissioner shall, in determining whether an association
26 was formed to serve a purpose other than expanding the field of
27 membership of a Connecticut credit union, consider the totality of the
28 circumstances, including, but not limited to: (i) The public interest and
29 benefit of the proposed expansion; (ii) whether the association provides
30 opportunities for members to participate in furthering the goals of the
31 association; (iii) whether the association maintains a membership list;
32 (iv) whether the association sponsors activities; (v) whether the
33 association's membership eligibility requirements are limited to the
34 association's stated purpose; (vi) whether the members of the
35 association pay dues; (vii) whether the members of the association have
36 voting rights in the association; (viii) the extent of meetings and member
37 engagement on topics related to the association's core purposes; and (ix)
38 the degree of separation between the association and the credit union.

39 [(3) The field of membership of a Connecticut credit union under
40 subparagraphs (A) and (B) of subdivision (1) of this subsection may
41 include associations and organizations of individuals who are members
42 of such credit union, partnerships in which the majority of the partners
43 are individuals who are members of such credit union, and corporations
44 in which the majority of whose shareholders are individuals who are
45 members of such credit union.]

46 [(4)] (3) The field of membership of a Connecticut credit union under
47 subparagraph (C) of subdivision (1) of this subsection may include
48 groups located outside of the well-defined community, neighborhood

49 or rural district such credit union serves that were within such credit
50 union's field of membership at the time it converted from a field of
51 membership specified in subparagraph (A) or (B) of said subdivision (1),
52 provided such credit union's continuing relationships with such groups
53 are not exclusive and, if authorized under this chapter, other
54 Connecticut credit unions may also provide services to such groups. The
55 commissioner may not approve an amendment to the bylaws of such a
56 credit union under this subdivision unless the commissioner determines
57 in writing that any potential harm that the expansion of the field of
58 membership of such credit union may have on any other Connecticut
59 credit union and its members is clearly outweighed in the public interest
60 by the probable beneficial effect of the expansion in meeting the
61 convenience and needs of the members of the group proposed to be
62 included in the field of membership.

63 (b) [Notwithstanding the provisions of subsection (a) of this section,
64 the] The commissioner may authorize a Connecticut credit union with a
65 multiple common bond membership to include in its field of
66 membership any person within a well-defined community,
67 neighborhood or rural district if:

68 (1) The commissioner determines that the well-defined community,
69 neighborhood or rural district is: (A) [~~an~~] An investment area, as defined
70 in Section 103(16) of the Community Development Banking and
71 Financial Institutions Act of 1994, 12 USC Section 4702(16), and meets
72 any additional requirements that the commissioner may impose; and (B)
73 underserved by other depository institutions, as defined in Section
74 19(b)(1)(A) of the Federal Reserve Act, 12 USC Section 461(b), based on
75 data of the commissioner and federal supervisory agencies; and

76 (2) The Connecticut credit union establishes and maintains a main
77 office or branch in the well-defined community, neighborhood or rural
78 district at which credit union services are available.

79 (c) Any Connecticut credit union that is so authorized to expand its
80 field of membership under subsection (b) of this section continues as a

81 Connecticut credit union whose field of membership is limited to a
82 multiple common bond membership.

83 (d) (1) The commissioner may not approve an amendment to the
84 bylaws of a Connecticut credit union with a multiple common bond
85 membership to expand its field of membership to add a group of five
86 hundred or more potential members, excluding individuals who are
87 potentially eligible as members of the immediate family or household of
88 a potential member, or persons within a well-defined community,
89 neighborhood or rural district, unless the commissioner determines in
90 writing that: (A) ~~[the]~~ The Connecticut credit union has not engaged in
91 any material unsafe or unsound practice during the one-year period
92 preceding the date on which the proposed amendment is filed with the
93 commissioner; (B) the Connecticut credit union is adequately
94 capitalized; (C) the Connecticut credit union has the administrative
95 capability to serve the proposed membership group and the financial
96 resources to meet the need for additional staff and assets to serve the
97 new membership group; (D) any potential harm that the expansion
98 of the field of membership of the Connecticut credit union may have on
99 any other Connecticut credit union and its members is clearly
100 outweighed in the public interest by the probable beneficial effect of the
101 expansion in meeting the convenience and needs of the members of the
102 group proposed to be included in the field of membership; and (E)
103 formation of a separate credit union by the group proposed to be
104 included is not practicable and consistent with reasonable safety and
105 soundness standards. A Connecticut credit union whose field of
106 membership is limited to a single common bond membership or
107 multiple common bond membership that acquires as potential members
108 persons within a well-defined community, neighborhood or rural
109 district, other than the well-defined community, neighborhood or rural
110 district specified in subdivision (1) of subsection (b) of this section, by
111 merger, expansion or otherwise, shall become a Connecticut credit
112 union whose field of membership is limited to persons within a well-
113 defined community, neighborhood or rural district.

114 (2) The commissioner may withhold or condition an approval of an
115 amendment to the bylaws sought by a community credit union, as
116 defined in section 36a-37, under this subsection pursuant to the
117 provisions of section 36a-37d.

118 (3) The commissioner may approve an amendment to the bylaws of
119 a Connecticut credit union to change the field of membership without
120 regard for the common bond whenever the commissioner determines
121 that continued operation of the Connecticut credit union without the
122 proposed amendment may result in liquidation or merger of such credit
123 union.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2023	36a-438a

Statement of Purpose:

To provide that the field of membership of Connecticut credit unions may include associations of individuals, provided such associations were formed to serve a purpose other than expanding the field of membership of such credit unions.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: SEN. BERTHEL, 32nd Dist.; REP. DELNICKI, 14th Dist.

S.B. 657