



Legislative Council Staff

Research Note

Version: Final

Date: 7/25/2016

Bill Number

Senate Bill 16-125

Sponsors

**Senator Holbert
Representative Kraft-Tharp**

Short Title

Credit Union Governance

Research Analyst

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Status

This research note reflects the final version of the bill, which became effective upon the signature of the Governor on April 15, 2016.

Summary

This bill allows the board of directors of a credit union, if authorized by the credit union's bylaws, to appoint an audit committee in lieu of a supervisory committee, provided the audit committee performs the statutory duties of a supervisory committee. A record of the names and addresses of the audit committee members is to be filed with the State Commissioner of Financial Services within 20 days of their election or appointment. The bill also allows a credit union to provide reasonable compensation to a director for his or her service.

Background

Under current law, only the treasurer of a credit union may be compensated for his or her service. Colorado law requires a credit union's supervisory committee to:

- perform or ensure the performance of a comprehensive annual audit and supplemental audits when necessary;
- prepare an annual report for the annual meeting of the credit union's members;
- suspend or remove officers or directors as necessary, following statutory procedures;
- verify the status of all member's shares, deposits, and loan accounts by examining all or a random sample of member accounts every other year; and
- by majority vote, call a special meeting to consider any violation of state law; credit union bylaws or rules; or conduct by any officer, director, committee member, or credit union member, which the committee deems is detrimental to the credit union.

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Senate Action

Senate Finance Committee (February 18, 2016). One individual representing Mountain West Credit Union Association testified in support of the bill. The committee adopted amendment L.003, which clarified parts of the bill and added the provision requiring a record of the names and addresses of the audit committee members to be filed with the State Commissioner of Financial Services. The committee referred the bill, as amended, to the Senate Committee of the Whole with a recommendation that it be placed on the consent calendar.

Senate second reading (February 23, 2016). The Senate adopted the Senate Finance Committee report and passed the bill on second reading with no additional amendments.

Senate third reading (February 24, 2016). The Senate passed the bill on third reading with no amendments.

House Action

House Business Affairs and Labor Committee (March 17, 2016). One individual representing Mountain West Credit Union Association testified in support of the bill. The committee referred the bill to the House Committee of the Whole.

House second reading (March 24, 2016). The House passed the bill on second reading with no amendments.

House third reading (March 28, 2016). The House passed the bill on third reading with no amendments.