

SENATE RESOLUTION NO. 157

BY SENATOR DUPLESSIS

A RESOLUTION

To memorialize the Congress of the United States to oppose current efforts to expand the business lending authority of credit unions.

WHEREAS, credit unions were created by Congress in 1934 to "make more available to people of small means credit for provident purposes through a national system of cooperative credit"; and

WHEREAS, credit unions were created to offer low-cost loans to people with a common bond such as teachers, firefighters, or workers in a certain factory; and

WHEREAS, due to their specific statutory mission of serving persons of small means Congress granted credit unions an exemption from paying federal and state income taxes; and

WHEREAS, over the years many credit unions have strayed from their original mission and are now full-service institutions offering every financial product to all people in their market area, regardless of common bond or means; and

WHEREAS, credit unions want to legislatively expand the markets they serve and the products they offer while still maintaining their tax exempt status; and

WHEREAS, legislation pending in Congress would expand the credit union business lending authority from twelve and one-quarter percent of a credit union's assets to twenty-five percent; and

WHEREAS, the legislation would also exempt business loans of less than two hundred fifty thousand dollars from even being calculated into the business lending cap; and

WHEREAS, allowing credit unions to expand their business lending cap would result in credit unions straying further from their traditional mission and substantially increase their risk exposure; and

WHEREAS, if credit unions want to continue to stray from their original mission by expanding their membership and lending authority they should have to pay taxes and compete on a level playing field like other federally insured institutions.

THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana

memorializes the Congress of the United States to oppose current efforts to expand the business lending authority of credit unions.

BE IT FURTHER RESOLVED that a copy of this Resolution shall be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana delegation to the United States Congress.

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PRESIDENT OF THE SENATE