

**Senate Study Bill 3018 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
COMMERCE/CREDIT UNION  
DIVISION BILL)

**A BILL FOR**

1 An Act relating to the credit union division and its regulatory  
2 matters.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 7A.4, Code 2016, is amended by adding the  
2 following new subsection:

3 NEW SUBSECTION. 5. Superintendent of credit unions.

4 Sec. 2. Section 533.113, subsection 1, paragraph d, Code  
5 2016, is amended to read as follows:

6 *d.* Make or cause to be made an examination of any person  
7 having business transactions or a relationship with any state  
8 credit union, ~~upon application to and order of the district~~  
9 ~~court of Polk county,~~ when such examination is deemed necessary  
10 and advisable in order to determine whether the capital of  
11 the state credit union is impaired or whether the safety of  
12 its deposits, its financial information or accounts, or its  
13 computer systems or computer networks, is imperiled.

14 Sec. 3. Section 533.114, subsection 2, paragraphs b and c,  
15 Code 2016, are amended to read as follows:

16 *b.* A summary of the assets, liabilities, and capital  
17 structures of all state credit unions, ~~and a summary of the~~  
18 ~~volume of consumer installment credit outstanding per state~~  
19 ~~credit union,~~ as of December 31 of the year for which the  
20 report is made.

21 *c.* A statement of the receipts and disbursements of funds  
22 of the superintendent during the ~~calendar~~ fiscal year ending  
23 ~~on the preceding December 31~~ June 30 of the year for which the  
24 report is made and of the funds on hand on that ~~December 31,~~  
25 ~~including an estimate of the disbursements of credit union~~  
26 ~~division funds for consumer credit protection during the year~~  
27 ~~for which the report is made~~ June 30.

28 Sec. 4. NEW SECTION. 533.115A **Conducting business outside**  
29 **of state.**

30 If a state credit union has an office and conducts business  
31 in another state having laws or regulations allowing credit  
32 unions to exercise additional powers, the state credit union  
33 may request permission from the superintendent to exercise such  
34 additional powers while operating in the other state with only  
35 the resident members of that other state.

1     Sec. 5. NEW SECTION. 533.201A **Change in place of business.**

2     1. A state credit union shall notify the superintendent  
3 of any change in its principal place of business within ten  
4 days of the change. A state credit union shall also file an  
5 application to relocate an office as provided by rule.

6     2. A state credit union changing its principal place of  
7 business shall review and amend its articles of incorporation,  
8 if necessary.

9     Sec. 6. Section 533.205, Code 2016, is amended by adding the  
10 following new subsection:

11     NEW SUBSECTION. 9. *Penalties.* The superintendent may  
12 impose a penalty, after notice in writing and opportunity for  
13 a hearing, for a violation of this section. If a state credit  
14 union fails to satisfactorily resolve the matter within sixty  
15 days from receipt of such notice, the superintendent may impose  
16 a penalty against the state credit union in an amount not to  
17 exceed one hundred dollars per day per violation for each day  
18 that the violation remains unresolved.

19     Sec. 7. Section 533.301, subsection 25, Code 2016, is  
20 amended to read as follows:

21     25. Engage in any activity authorized by the superintendent  
22 which would be permitted if the state credit union were  
23 federally chartered ~~and which is consistent with state law.~~

24     Sec. 8. NEW SECTION. 533.331 **Data breach — duty to notify.**

25     1. In accordance with 12 C.F.R. pt. 748, Appendix B, a state  
26 credit union shall maintain an information security response  
27 program that includes procedures for notifying the credit union  
28 division as soon as possible after the credit union becomes  
29 aware of an incident involving unauthorized access to or use of  
30 sensitive member information that would permit access to the  
31 member's account, as further detailed in 12 C.F.R. pt. 748.

32     2. State credit unions that experience an information  
33 security breach may be subject to chapter 715C.

34     Sec. 9. Section 533.401, subsection 1, Code 2016, is amended  
35 to read as follows:

1 1. With the approval of the superintendent and the national  
2 credit union administration, a state credit union may merge  
3 with another credit union under the existing certificate of  
4 approval of the other credit union if the merger is pursuant  
5 to a plan agreed upon by a majority of the board of directors  
6 of each credit union joining in the merger and the merger  
7 is approved by the affirmative vote of a majority of the  
8 members of the merging credit union according to the provisions  
9 of [section 533.203](#). At least twenty days' notice shall be  
10 provided between the sending of notice and the scheduled  
11 conclusion of the vote.

12 Sec. 10. REPEAL. Sections 533.327 and 533.328, Code 2016,  
13 are repealed.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with  
16 the explanation's substance by the members of the general assembly.

17 This bill modifies several provisions that relate to the  
18 credit union division.

19 The bill amends Code section 7A.4 by adding the  
20 superintendent of credit unions to the list of officials  
21 required to submit an annual report to the governor.

22 The bill amends Code section 533.113(1) by eliminating the  
23 need for the superintendent to apply to and seek an order from  
24 the district court of Polk county in order to examine any  
25 person having business transactions or a relationship with any  
26 state credit union when capital is impaired or deposit safety  
27 is at issue. The bill also adds the safety of a credit union's  
28 financial information or accounts, and computer systems or  
29 computer networks, as grounds for such an examination.

30 The bill amends Code section 533.114(2)(b) by eliminating  
31 the need for the superintendent to include a summary of the  
32 volume of consumer installment credit outstanding per state  
33 credit union in the superintendent's annual report.

34 The bill amends Code section 533.114(2)(c) by changing  
35 the date that the superintendent is required to provide a

1 statement of the receipts and disbursements of funds of the  
2 superintendent and of the remaining funds on hand, to the end  
3 of the fiscal year.

4 The bill creates new Code section 533.115A to require credit  
5 unions that operate in another state which has laws that give  
6 credit unions additional powers to request permission from  
7 the superintendent to exercise those additional powers while  
8 operating in the other state with only the resident members of  
9 that other state.

10 The bill creates new Code section 533.201A to require a state  
11 credit union to notify the superintendent of any change to  
12 its principal place of business and to file an application to  
13 relocate an office as provided by rule. The bill also provides  
14 that a credit union shall review and amend its articles of  
15 incorporation after such a change if necessary.

16 The bill amends Code section 533.205 authorizing penalties  
17 for any violation of that Code section, which pertains to  
18 the duties of the board of directors of a credit union. The  
19 superintendent may impose a penalty of not more than \$100  
20 per day per violation for each day that the violation is  
21 unresolved, after notice and an opportunity for a hearing and a  
22 60-day period for resolving the violation.

23 The bill amends Code section 533.301(25), which relates to  
24 the power of a state credit union to engage in any activity  
25 which would be permitted if the state credit union was  
26 federally chartered, by eliminating the requirement that the  
27 federally chartered activity must be consistent with state law.

28 The bill creates new Code section 533.331 to specify that  
29 a state credit union shall maintain an information security  
30 response program, including notification procedures, in the  
31 event of a data breach and in accordance with federal law.  
32 The bill also states that state credit unions that experience  
33 a security breach may be subject to the provisions of Code  
34 chapter 715C, which relates to criminal penalties for personal  
35 information security breach protection.

1 The bill amends Code section 533.401(1) to require the  
2 approval of the national credit union administration, in  
3 addition to the superintendent, for a state credit union to  
4 merge with a federal or another state's credit union.

5 The bill repeals Code section 533.327, regarding a change  
6 in a credit union's place of business. The language from  
7 this section is modified and incorporated into new Code  
8 section 533.201A. The bill also repeals Code section 533.328,  
9 regarding credit unions conducting business outside of the  
10 state. The language from this section is incorporated into new  
11 Code section 533.115A.