



# ROB STAFSHOLT

STATE SENATOR • 10<sup>th</sup> SENATE DISTRICT

(608) 266-7745  
Toll Free: (800) 862-1092  
Sen.Stafsholt@legis.wi.gov

P.O. Box 7882  
Madison, WI 53707-7882

TO: Senate Committee on Financial Institutions & Sporting Heritage  
FROM: Senator Rob Stafsholt  
DATE: December 19, 2023  
SUBJECT: Testimony in Favor of Senate Bill 773

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Thank you, fellow members of the Senate Committee on Financial Institutions and Sporting Heritage, for allowing me to testify in favor of Senate Bill 773.

This legislation makes modifications to clarify and simplify state statutes governing financial institutions, such as banks, credit unions, savings and loan associations, etc.

The bill makes the following modifications:

- Clarifies credit unions authority to purchase, lease, hold and convey certain real estate.
- Specifies that credit unions may utilize additional forms of capital as approved by the Office of Credit Unions (OCU) within the Department of Financial Institutions (DFI).
- Repeals outdated provisions related to the installation and operation of off-site ATMs.
- Creates the crime of interfering with an ATM.
- Eliminates a geographical lending restriction for a savings and loan association.
- Eliminates certain lender disclosure requirements applicable to residential mortgage loans and variable rate loans.
- Extends the maximum maturity date, from 10 to 20 years, of a promissory note issued by a municipality, county, or school district.
- Requires credit unions to fill any vacancy on its board of directors within 90 days.
- Increases the amount of compensation available from DFI for losses resulting from the deposit of public moneys in a failed financial institution.
- Extends the period during which OCU must determine whether an activity or power that becomes authorized for a federally chartered credit union should also be authorized for a Wisconsin-chartered credit union.
- Creates flexibility with regards to paying for examinations conducted by OCU.

This bill is a product of negotiations among relevant stakeholders, including the Wisconsin Credit Union League and Wisconsin Bankers Association, who are both in support of this legislation.

Thank you, members. I ask for your support and would be happy to discuss this bill at any time.



# TERRY KATSMAS

STATE REPRESENTATIVE • 26<sup>th</sup> ASSEMBLY DISTRICT

Phone: (608) 266-0656  
Toll-Free: (888) 529-0026  
Rep.Katsma@legis.wi.gov

P.O. Box 8952  
Madison, WI 53708-8952

## Testimony on Senate Bill 773

Senate Committee on Financial Institutions and Sporting Heritage

Tuesday, December 19, 2023

Thank you Chairman Stafsholt and Senate Financial Institutions and Sporting Heritage Committee members for holding a public hearing on Senate Bill 773, the Financial Institutions Modernization bill, and allowing me to provide testimony.

First, I want to thank Chairman Stafsholt for his leadership on this legislation and working with me and the stakeholders to advance a proposal. Also, I would like to thank Vice-Chair Felzkowski who is a cosponsor of the bill. I am proud to say that this bill is bipartisan in both bodies and I am happy to have Senator Taylor as a cosponsor in the Senate.

Overall, this legislation makes modifications to clarify and simplify state statutes governing financial institutions including banks, credit unions, and savings and loan associations. The provisions will help financial institutions work more effectively and efficiently to better serve their customers.

This bill is a product of negotiations among relevant stakeholders, including the Wisconsin Bankers Association and the Wisconsin Credit Union League. Both organizations are in support of this legislation and will be testifying today. The Department of Financial Institutions provided technical input on the bill and also supports the proposal.

The stakeholders will provide more details on provisions that impact their institutions. However, I will briefly summarize the bill. The bill makes the following modifications:

- The bill clarifies a credit unions authority to purchase, lease, hold and convey certain real estate.
- The bill specifies that credit unions may issue or offer supplemental forms of capital approved by OCU.
- The bill repeals outdated provisions related to the installation and operation of off-site ATMs.
- The bill creates the crime of interfering with an ATM.
- The bill eliminates a geographical lending restriction for a savings and loan association.
- The bill eliminates certain lender disclosure requirements applicable to residential mortgage loans and variable rate loans.
- The bill extends the maximum maturity date, from 10 to 20 years, of a promissory note issued by a municipality, county, or school district.
- The bill requires credit unions to fill any vacancy on its board of directors within 90 days.
- The bill increases the amount of compensation available from DFI for losses resulting from the deposit of public moneys in a failed financial institution.
- The bill extends the period during which OCU must determine whether an activity or power that becomes authorized for a federally chartered credit union should also be authorized for a Wisconsin-chartered credit union.
- The bill creates flexibility with regards to paying for examinations conducted by OCU.

I would like to provide a bit more clarification and legislative intent on one of the provisions. The bill specifies that credit unions may issue or offer supplemental forms of capital under certain circumstances. It is important to note that any new supplemental capital must be in the form and with the conditions, including those related to the safety and soundness of the proposed use of the capital. Also, any application for capital must be approved by the Office of Credit Unions within the Department of Financial Institutions. From my perspective, the legislative intent is to only allow supplemental capital under rare circumstances, such as, if a credit union would be failing.

Again, Senate Bill 773 is a negotiated package that brings together the financial institutions industry. I began working on this legislation a few years ago and I am proud to bring this agreement forward today with Chairman Stafsholt. I appreciate your consideration of this bipartisan legislation and I hope the committee will move forward with the package.





**December 19, 2023**

**To: Honorable Members – Senate Committee on Financial Institutions and Sporting Heritage**  
**From: Sarah Wainscott, Senior Vice President – Advocacy and Chris Moczynski, President/CEO-Prime Financial Credit Union**  
**Re: Support for SB 773 on Financial Institutions Modernization**

On behalf of the Wisconsin Credit Union League, I am writing to share our strong support for three nominees up for your consideration, and SB 773 providing modernizations to financial institution statutes.

First, of the appointed individuals before you today, we support:

- The appointment of Cheryl Olson-Collins as DFI Secretary
- The reappointment of Lisa Greco to continue service on the Credit Union Review Board
- The reappointment of Colleen Woggon to continue service on the Credit Union Review Board.

Lisa and Colleen have illustrated their exceptional capabilities and qualifications in both their current service on the Review Board, and the leadership of their respective credit unions.

Additionally, The League supports SB 773 which makes a number of updates to the state statutes governing financial institutions. Attached, you will find a transcript of the testimony provided for the Public Hearing on the bill, as presented by myself and Chris Moczynski, President/CEO of Prime Financial Credit Union.

Thank you for your consideration of the credit union supported leaders and bill before you today.



*One League, One Focus - Your Success!*

I am Sarah Wainscott, the Senior Vice President of Advocacy for the Wisconsin Credit Union League. Our association represents 97% of the states credit unions, spanning every corner of the state, ranging in their size and in the fields of memberships they serve. Collectively, the members of this committee represent over 500,000 credit union members.

First, thank you for your consideration of Senate Bill 773, a package of requests from the credit unions and banks. I also wanted to thank Senator Stafsholt and Senator Felzkowski for, respectively, authoring and cosponsoring the bill.

All credit unions are not-for-profit cooperative businesses, and as such, return earnings to members in various forms including through preferable rates, fewer or lower fees, or enhancements in their service to members and communities. While many of the reforms requested by credit unions in this bill appear inconsequential, the conveniences provided can in turn help the credit union further allocate resources to member services and members' benefit.

This bill is the product of two bills from last session, and ongoing conversations. The items before you are well-vetted between our association and the Bankers. We have no objections or concerns with the provisions proposed by the WBA, and I will turn it over to Chris to mention the practical value of the sections proposed by credit unions.

Good afternoon, Chair Stafsholt and Committee Members –

I am Chris Moczynski, President/CEO of Prime Financial Credit Union. Established in 1923 by a group of City of Milwaukee employees, Prime Financial Credit Union is Wisconsin's first state-chartered credit union. Prime Financial is dedicated to promoting economic development and improving the financial wellbeing of our members and the communities we serve by providing personalized and innovative financial services.

As Sarah mentioned, as a not-for-profit cooperative our earnings are reinvested into our members. We support the bill in front of you today and appreciate the clarity and convenience it provides that can allow us to further focus on putting our members' interests first.

The policies included in this bill, which were requested by credit unions, do the following:

- It allows for the consideration of supplemental capital as a safety and soundness tool for all Wisconsin credit unions. This is currently permissible by federal designation for 46 credit unions as either low-income designated or complex credit unions. While we expect use to continue to be infrequent, this process can help credit unions to persevere and weather economic shock and challenges to its capital levels.
- It codifies into the state statutes, guidance that has been in effect since 2015 related to Other Real Estate Owned.
- It removes the requirement that financial institutions report new ATM placements.
- It allows 30 days to pay for an examination. Current law requires it to be paid on the final day of the exam.
- And, it extends, by 30 days, current processes for filling board vacancies and for the Office of Credit Unions to consider Incidental Powers that are granted to federally chartered credit unions.

These thoughtful adjustments can lessen the administrative burden, offer efficiencies, and provide confidence to our credit unions through clarity.

As not-for-profit cooperatives, assuring Wisconsin's credit unions can operate efficiently and effectively is a benefit to the member-owners and communities that we exist to serve. We thank you for your consideration of SB 773, and continued support to ensure Wisconsin state chartered credit unions can evolve to meet our member needs.

We'd be happy to take any questions.





**Testimony of Wisconsin Bankers Association**

**Lorenzo Cruz-VP Government Relations, WBA and Gary Kuter-Chief Compliance Officer and SVP Retail Banking, Capitol Bank**

**Senate Financial Institutions and Sporting Heritage Committee-SB 773**

**December 19, 2023**

Good afternoon, Chair Stafsholt and members of the Senate Financial Institutions and Sporting Heritage Committee.

My name is Lorenzo Cruz Vice of Government Relations for the Wisconsin Bankers Association (WBA) and joining me today is Gary Kuter Chief Compliance Officer and Senior Vice-President of Retail Banking for Capitol Bank in Madison.

WBA is the largest financial industry trade association in the state, representing over 200 banks of all sizes and over 30,000 employees. Ninety-eight percent of the banks are members of WBA.

I would like to thank Chair Stafsholt and committee members for the opportunity to testify today in favor of Senate Bill 773. The legislation is designed to update several statutes related to banking practices. WBA greatly appreciates the leadership of Senator Rob Stafsholt and Representative Terry Katsma for moving this legislation forward.

Banks are the economic catalysts in the communities they serve. Their investments in the community drive job and infrastructure growth, encourage innovation, provide goods and services to business and residential customers, and create a more vibrant and prosperous local economy.

Banks are heavily regulated and are regularly examined for safety and soundness. A key focus of banks of all sizes is regulatory compliance and operations. SB 773 modernizes the banking statutes by providing some regulatory relief without jeopardizing safety and soundness. This common-sense approach allows banks to better serve the needs of their customers while spending slightly less time on

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regulatory compliance. At this time, I would like to turn over the microphone to Gary who will briefly summarize some of the key provisions of the bill.

Highlights of the key provisions are:

- Modernizes Department of Financial Institution's (DFI) municipal deposit guarantee program to provide up to \$1 M of coverage for losses of public deposits in case of a bank failure. The current limit is \$400,000.
- Provides parity with Board of Commissioner of Public Lands (BCPL) and allow banks to offer the same 20-year term loan that BCPL can do today. Banks are currently limited to 10-year terms.
- Repeals outdated ATM statutory requirement from the 70s that requires financial institutions to provide advanced written notice to DFI before acquiring, placing operating, or changing off site ATM.
- Imposes a Class H felony on a party found guilty of an ATM smash and grab.
- Eliminates an archaic requirement on savings and loan associations to limit loans to geographic markets within a 100-mile radius of an office.
- Reduces regulatory burden by eliminating mortgage lending disclosures with Wisconsin law that are duplicative to disclosure required under federal law, including under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA).

In closing WBA strongly urges the Legislature to support passage of SB 773. Thank you, Chair Stafsholt and members, for taking the time to listen and consider WBA's testimony today. We would be happy to answer any questions you may have.