MINNESOTA
CREDIT UNION NETWORK

March 27, 2023

Chair Stephenson, Minority Lead O'Driscoll, and members of the Commerce Committee,

I am writing today to submit comments on behalf of the Minnesota Credit Union Network (MnCUN) on the Commerce omnibus bill. MnCUN is the trade association for credit unions in our state and works to ensure the success, growth, and vitality of our member credit unions and their more than 2 million members.

MnCUN would like to thank the committee for including language in section 68 of the bill, establishing the definition of coerced debt. Credit unions have always stood for strong consumer protection as the co-operative not-for-profit business model was made by and for our members, their families, and communities. Identifying the heartbreaking and difficult circumstances that victims of coerced debt face and determining how best able to help them move forward is a laudable target that the proponents are working to address, and Minnesota credit unions always stand ready to help their members and communities achieve their best financial lives. We strongly support this language and thank the proponents for their work on this important subject.

MnCUN does strongly oppose language in Article 3, sections 11 and 12, that would require financial institutions over $1 billion in assets to submit climate risk surveys to the Department of Commerce. While we thank the author of the initial underlying bill, Representative Kraft, for continuing to work in good faith on our concerns, it is entirely unclear what this survey would look like, what data, if any, credit unions would have to collect either for our institutions or from their members, or even what climate risks we would be compelled to assess. We don't know what the purpose or extent of this survey will be, so we don't know what the full impact on staff time and organization resources could be. We have serious concerns with adding more regulations without fully understanding the reasons behind the survey and the work it will entail.

It's also unclear why financial institutions have been singled out in this legislation, when many other companies across dozens of industries in Minnesota would have far greater risk of impact from climate change. It also puts state-chartered organizations at a competitive disadvantage with our federally chartered cohorts since this proposed language would not apply to them.

Additionally, it is important to note that similar proposals in other states and by other regulatory agencies have a very different approach than the language here. The national banks' regulator, the OCC, is proposing climate requirements for banks of $100 billion in assets. The National Credit Union Association is not even proposing rules at this moment, owing to the smaller average asset size of credit unions. California and New York, in looking to implement similar legislation, are not solely applying the requirements to financial institutions but are directing this at companies with more than $1 billion in revenue, not by measuring assets, which we believe makes much more sense. We would strongly encourage the committee to remove this language from the omnibus and work with financial institutions and the Department of Commerce to develop voluntary guidance on assessing climate risks.

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Sincerely,

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