

Testimony in Regard to Senate Bill No. 2266

January 31, 2023

To: Chairman Larson and Members of the Senate Industry, Business and Labor Committee

Thank you for the opportunity to speak in favor of Senate Bill 2266 today. I am Bob Herrington President/CEO for North Star Community Credit Union. I am excited to finally see a bill introduced to modernize the State's field of membership (FOM) requirements. The current FOM requirements are some of the most restrictive in the nation and serve only to limit our ability to provide affordable financial solutions to more ND citizens.

North Star Community Credit Union (NSCCU) is a member owned financial cooperative that was first chartered in 1940 as Benson County Community Credit Union in Maddock, ND. We, like many credit unions started in the aftermath of The Great Depression. A time when the average American did not have access to affordable financial services. Traditional financial institutions were either not interested in serving the average American or were not trusted by the average American.

For the past 83 years North Star has served its membership and their communities by providing affordable loan, and deposit products. In 2022 we originated \$185MM in Agricultural, Small Business and Consumer loans. We have expanded to many ND communities of all sizes and continue to serve communities with populations as small as 69 people (Butte ND). Towns like Butte and Willow City would not have local financial services without North Star. In 2002 we established a branch in Bottineau ND and were granted a 50-mile FOM around that new branch. We would not be able to do that under current FOM requirements. Today that branch serves 3100 members and originated over \$16MM in consumer loans in 2022. Many of these are small balance loans that some financial institutions simply won't do. Who would serve those ND residents if we had not been allowed to expand in 2002?

I am not here today to convince you to join a credit union, although you really should. Whether or not a credit union is right for you is an individual decision. But I am here to ask you to advance the bill so that hopefully more people can make the decision for themselves.

This bill is about allowing State chartered credit unions like North Star to have more flexibility to serve the fine citizens of ND and offer more of them affordable financial services daily.

This bill is about allowing more ND citizens the option to choose from more financial services options.

This bill is about maintaining a strong State chartering system by closing the gap between the North Dakota requirements and those of federal credit unions regulated by the NCUA. Some have asked, "why not just convert to a federal charter?" North Star is proud of our State and its

chartering system. We believe that local governance is always better than federal governance. However, we also need the flexibility to expand and grow. Without modernization of the current FOM requirements, North Star and many other credit unions will have to strongly consider converting to a federal charter.

This bill is about competing on a more level playing field with banks and federally chartered credit unions. To those that oppose this bill based on the competition it creates I say:

- Serve your customers and a credit union won't have to.
- Invest in your communities and a credit union won't have to.
- Provide easy access to affordable financial services and a credit union won't have to.

Thank you for your time today. I respectfully request this committee vote do pass on SB 2266.

Respectfully,

Bob Herrington CEO
North Star Community Credit Union