



COLORADO  
MUNICIPAL  
LEAGUE

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# HB 22-1277

## MUNICIPAL DEBT AND FINANCE

### AUTHORIZE CREDIT UNIONS TO HOLD PUBLIC MONEY

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**YOUR “YES” VOTE IS RESPECTFULLY REQUESTED**

#### **Why the bill is needed**

Credit unions are currently unable to accept funds from or provide loans to a public entity because state law restricts eligible depository institutions to banks and savings and loans associations that are insured by the FDIC. Public entities should be able to deposit public funds credit unions if they are federally insured by the National Credit Union Administration (NCUA), a change that 27 states have made.

House Bill 22-1277 is a product of increased demand from public entities to use credit unions for financial services. Public entities, including municipalities, deserve to have all options available for financial services and to choose the best institution as stewards of taxpayer dollars. Credit unions can be locally owned, community-based financial services providers that can provide competitive yields on deposits, lower loan rates, lower fees, and are insured to the same levels as banks through the NCUA. Choice and competition will result in better and more responsible results for taxpayers. Colorado is becoming an outlier in the country as 27 states allow public entities to choose their financial institutions, which includes credit unions.

#### **What The Bill Does**

HB 22-1277 amends various government-related state statutes to allow public entities to use any financial institution that is federally insured by the FDIC or NCUA.

HB 22-1277 amends the Savings and Loan Association Public Deposit Protection Act and other state statutes to include state and federally chartered credit unions insured by the NCUA. This allows credit unions to have the same abilities to provide services for public entities as banks and savings and loan associations and ensures that credit unions are subject to the same regulatory requirements for public funds, including requirements to secure public deposits with adequate collateral.

**CML requests your “YES” vote on House Bill 21-1277.**