The Honorable R. Clayton Mitchell, Jr.
Speaker of the House of Delegates
State House
Annapolis, Maryland 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 356.

This bill would prohibit any state–chartered credit union from extending any loan, line of credit, or letter of credit for a commercial, corporate, business or agricultural purpose.

The Maryland Credit Union League, Inc., representing the state–chartered credit unions in Maryland, has requested that I veto the bill. The League points out that the proposed restriction on lending by the 20 state–chartered credit unions is not applicable to the 167 federally chartered credit unions operating in Maryland. The bill, if signed into law, would place the state–chartered credit unions at a distinct disadvantage with the federally chartered credit unions. I agree with this view.

No abuse by state–chartered credit unions in making business loans to their members has been brought to my attention. Unlike banks or savings and loans, credit unions may only loan money to their members. The Bank Commissioner, who has supervisory authority over the state–chartered credit unions, has reviewed the situation and proposed regulations designed to further ensure that credit unions continue to be managed in a safe and sound manner. Those regulations include appropriate restrictions on member business loans rather than the absolute and unnecessary prohibition on such loans House Bill 356 would require.

For these reasons, I am vetoing House Bill 356.

Sincerely,
William Donald Schaefer
Governor

House Bill No. 356

AN ACT concerning

Credit Unions – Business Loans

FOR the purpose of prohibiting credit unions from making loans for commercial, corporate, business, or agricultural purposes; imposing certain criminal and civil penalties for making loans for commercial, corporate, business, or agricultural purposes; defining a term; and generally relating to loans made by credit unions.

BY repealing and reenacting, without amendments,
Article – Financial Institutions
Section 6–501