

## CHAPTER 48

[Substitute Senate Bill No. 3110]

WASHINGTON CREDIT UNION SHARE GUARANTY ASSOCIATION—  
ABSORPTION—LIQUIDATION

AN ACT Relating to Washington credit union share guaranty association; amending section 3, chapter 80, Laws of 1975 1st ex. sess. as last amended by section 2, chapter 67, Laws of 1982 and RCW 31.12A.010; amending section 7, chapter 80, Laws of 1975 1st ex. sess. as last amended by section 5, chapter 67, Laws of 1982 and RCW 31.12A.050; creating a new section; providing an expiration date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 3, chapter 80, Laws of 1975 1st ex. sess. as last amended by section 2, chapter 67, Laws of 1982 and RCW 31.12A.010 are each amended to read as follows:

As used in this chapter, unless the context otherwise requires, the terms defined in this section shall have the meanings indicated.

(1) "Assessment" means the amount levied by the association against its members in order to carry out its stated purposes.

(2) "Association" means the credit union share guaranty association created in RCW 31.12A.020.

(3) "Board" means board of directors of the guaranty association.

(4) "Contracted guarantees" means those liabilities specifically agreed to by the association for providing assistance to member credit unions or for indemnifying any other entity against loss because of its participation in the absorption or liquidation of a distressed member credit union.

(5) "Credit union" means a credit union organized and authorized under laws contained in chapter 31.12 RCW, as now or hereafter amended.

~~((5))~~ (6) "Initial member" means a member qualified by the supervisor within sixty days after September 1, 1975, but not yet ratified by the board.

~~((6))~~ (7) "Member" means a member of the guaranty association, ratified by the board.

~~((7))~~ (8) "Share account" of a credit union shareholder includes the share and/or deposit accounts and the share and/or deposit certificates of which the shareholder is owner of record with the credit union.

~~((8))~~ (9) "Shareholder" includes both members and nonmembers of a credit union, who have either shares and/or deposits in the credit union, including deposits of deferred compensation as referred to in RCW 31.12.305.

~~((9))~~ (10) "Supervisor" means the state supervisor of the division of savings and loan associations, or his successor in the event of a departmental restructuring.

~~((10))~~ (11) "Transfer" means entering on the credit union's books of account a decrease to one account and a corresponding increase to another account.

Sec. 2. Section 7, chapter 80, Laws of 1975 1st ex. sess. as last amended by section 5, chapter 67, Laws of 1982 and RCW 31.12A.050 are each amended to read as follows:

(1) Funding of the association shall be by transfers to a share guaranty association contingency reserve as follows:

(a) Credit unions approved by the supervisor and ratified by the board for membership subsequent to those initial members shall establish a share guaranty association contingency reserve by transferring from their guaranty fund an amount equal to one-half of one percent of the total (~~(insurable)~~) guaranteeable outstanding share and deposit balances as of the (~~31st of December of the year preceding~~) date of membership. When one member credit union is merged into another member credit union, the continuing credit union shall include in its share guaranty contingency reserve (~~(the amount of)~~) the share guaranty contingency reserve of the merged credit union. A nonmember credit union merging with a member credit union must transfer into the share guaranty contingency reserve of the continuing credit union an amount equal to one-half of one percent of the total (~~(insurable)~~) guaranteeable outstanding share and deposit balances of the nonmember credit union as of the effective date of the merger, as determined by the supervisor. (~~(Such sum shall be retained in the credit union share guaranty contingency reserve as an integral part of its guaranty fund until such time and if necessary to be drawn for the purposes set forth in this chapter.)~~)

(b) On the first business day of each year, member credit unions shall make a transfer of an amount sufficient to adjust the contingency reserve to a level of one-half of one percent of the guaranteeable outstanding share and deposit balances as of December 31st of the previous year. If the member's guaranteeable outstanding share and deposit balances decrease from the previous year, any excess which may then appear in the contingency reserve may be transferred to the guaranty fund.

(c) The board may require one additional transfer during the calendar year of an amount not to exceed one-half of one percent of the guaranteeable outstanding share and deposit balances as of December 31st of the previous year. Credit unions which have merged during the year and credit unions which have joined during the year will be subject to the one additional transfer, even if that required transfer occurred before ratification of the joining member or the merger of the two credit unions. The transfer will be based on the guaranteeable share and deposit balances of those credit unions as of the following dates:

(i) For new members, the balances as of the date of membership;

(ii) For members that merge, the sum of the balances as of December 31st of the previous year;

(iii) For a nonmember merging with a member, the sum of the member's balances as of December 31st of the previous year, and of the nonmember's balances as of the effective date of the merger.

~~(2) ((Continued funding of the association shall be by annual transfer at the rate of one-eighteenth of one percent of each member's insurable outstanding share and deposit balance as of December 31st of each year. Such funds shall be retained by the member in its share guaranty contingency reserve until such time it becomes necessary to be drawn for the purposes set forth in this chapter. Such sum may be offset from the statutory transfer requirement to the guaranty fund. The board, with concurrence of the supervisor, shall have authority to require a transfer of an additional amount not to exceed one-eighteenth of one percent of each member's insurable share and deposit balance in any one year, as conditions may warrant, to be retained until such time it becomes necessary to be drawn for the purposes set forth in this chapter.))~~ Sums specified in subsection (1) of this section may be offset from the statutory transfer requirement to the guaranty fund and shall be retained in the credit union share guaranty contingency reserve as an integral part of its guaranty fund until such time and if necessary to be drawn for the purposes set forth in this chapter.

(3) Members' share guaranty association contingency reserve funds shall be invested in investments as permitted in the bylaws of the association.

(4) The board, in concurrence with the supervisor, may also suspend or diminish the transfer in any given period after reaching a normal operating sufficiency as provided in the bylaws.

(5) Membership in this association may be terminated upon approval by a majority of the credit union members responding to such a proposal and subject further to acceptance by the national credit union administration of continued share insurance coverage under the national credit union administration share insurance program. Notice of such intentions shall be in writing to the association's board of directors at least twelve months prior to such contemplated action: PROVIDED, That in the event ((of)) that the credit union board has voted to recommend to the membership liquidation, conversion from state to federal credit union charter ((the converting member)), or merger with or conversion to a credit union organized under the laws of another state, the liquidating, converting, or merging member will notify the association in ((compliance with RCW 31.12.390)) writing within seven days after the credit union board has taken such action. Share guarantee coverage through the association will terminate with the effective date of the ((federal)) new charter or completion of the liquidation or merger as determined by the supervisor.

(6) Except for a credit union merging with a member credit union, any credit union terminating membership in the association shall be assessed its pro rata share of the difference, if any, between the association's current liability for contracted guarantees and the amount from previous assessments

currently held for contracted guarantees by the association. Such difference shall be determined by the supervisor at the time the membership is terminated. If the amount of the assessment exceeds the amount of the actual obligation when finalized, the excess shall be refunded in the same proportion as paid.

NEW SECTION. Sec. 3. During calendar year 1983, the 1983 amendments to RCW 31.12A.050 shall be applied according to the following transition rules:

(1) If, on the effective date of this 1983 act, the share guaranty contingency reserve does not meet the level of one-half of one percent of the member's guaranteeable outstanding share and deposit balances as of December 31, 1982, the credit union shall be required to adjust its share guaranty contingency reserve to that level within thirty days of the effective date of this 1983 act. However, if any assessments were made in 1983 prior to the effective date of this 1983 act, the required one-half of one percent level shall be reduced by the amount of any such assessments.

(2) Credit unions that become members or that merge on or after the effective date of this act and before January 1, 1984, shall be subject to the provisions of RCW 31.12A.050(1)(a) as amended by this 1983 act.

(3) During the remainder of the calendar year following the effective date of this 1983 act, one additional transfer as provided for in RCW 31.12A.050(1)(c) will be permitted.

(4) This section shall expire on January 1, 1984.

NEW SECTION. Sec. 4. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate March 1, 1983.

Passed the House April 12, 1983.

Approved by the Governor April 19, 1983.

Filed in Office of Secretary of State April 19, 1983.

## CHAPTER 49

[Senate Bill No. 3211]

### AIRCRAFT FUEL TAXATION

AN ACT Relating to the taxation of aircraft fuel; amending section 1, chapter 10, Laws of 1967 ex. sess. as last amended by section 1, chapter 25, Laws of 1982 1st ex. sess. and RCW 82.42.010; amending section 3, chapter 25, Laws of 1982 1st ex. sess. and RCW 82.42.025; providing an effective date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 1, chapter 10, Laws of 1967 ex. sess. as last amended by section 1, chapter 25, Laws of 1982 1st ex. sess. and RCW 82.42.010 are each amended to read as follows: