

# 2023 Legislative Priorities



## Updating the Iowa Credit Union Act

Since their founding, Iowa credit unions have acted as economic engines and provided critical and affordable access to financial services to Iowans. The Iowa Credit Union Act was originally passed in 1925 and since then, the financial needs of Iowans, along with technology, have changed dramatically. As credit unions and their members grow and evolve, so should the laws and regulations that govern them.

Changes to Chapter 533 are needed that will update aspects of credit union board governance, providing credit unions flexibility with board meetings and allowing them the opportunity to compensate board members if they choose, just as all other cooperatives can. Other needed changes would include updates to the member expulsion process and enabling the Superintendent of Credit Unions flexibility to approve corporate investment opportunities for credit unions.

## Indirect Auto Lending and GAP Rebates

Guaranteed asset protection (GAP) is an optional coverage consumers may choose to add to their purchase of a vehicle. In the event of a total loss or theft, GAP will cover the difference between the vehicle's value and the amount owed on the auto loan.

Currently, there is ambiguity in the law around the refunding of GAP premiums on indirect auto loans in the event the loan is paid off early. We are hoping to clarify the responsibility of the auto dealer and the financial institution--who purchases the loan from the dealer—to make clear that the financial institution must timely notify the dealer of an early payoff, and the dealer must refund any unearned GAP premium.

## Increase Access to State Childcare Assistance Program

The cost of childcare is rising in Iowa, and families across the state are struggling to both find and afford childcare. Affordable and accessible childcare is essential for a growing workforce and economy. Yet, for many credit union members across Iowa, the high cost of childcare is a barrier to their financial stability.

The state childcare assistance program provides stipends to low-income families to help cover the cost of childcare. Under current law, families at or below 145% of the federal poverty level (FPL) are eligible to enroll and can receive graduated assistance until a family's income reaches 225% of the FPL. However, families already between 146% and 225% are ineligible for the program unless their income drops below 145%. That means two families of four could each be making \$45,000 a year, but only one is receiving help with childcare costs.

The League supports legislation to gradually increase the entrance limit of the state assistance program to close the gap between the entrance and exit income levels and increase access to the program for more Iowa families.

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## Prize-Linked Savings

A Pew study from 2020 showed that only 23% of lower income households have enough savings to cover three months of expenses. Prize-linked savings (PLS) is a tested, successful concept in which savers earn chances to win a cash prize by saving at insured financial institutions. By injecting the prospect of winning into the savings experience, PLS products not only incentivize the habit of saving, but attract previously unbanked customers to enter the financial mainstream. Thirty-four states now allow PLS. The League supports a change to Iowa law to allow credit unions and banks to offer PLS programs.

## Affirmative Defense to Data Breach Lawsuits

Credit unions put their members first, and that includes safeguards for protecting their data and privacy. The rise in data breaches threatens credit union members' financial security and major merchant data breaches expose credit unions to significant monetary costs and reputational risk. Every business has a role to play in protecting customer data. The Iowa Credit Union League supports policy to provide an affirmative legal defense, in the instance of a data breach, to businesses that meet certain standards for data security and protection. This will serve as an incentive for businesses to be as secure as possible with Iowans' information.

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More information?

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