



nation. The term "low-income" also includes members who are full-time or part-time students in a college, university, high school or vocational school.

DFA reported that the president of the State Employees Credit Union, stated that there were at least two low-income credit unions that were established and doing business in New Mexico—New Mexico Central Credit Union and Rio Grande Credit Union. The New Mexico Industry Manager for Credit Unions stated that existing credit unions could obtain a designation as a “low-income” credit union by forwarding a request for the designation to the regional director of the NCUA along with appropriate documentation supporting the request. An existing credit union can also perform a loan or membership survey for another credit union to determine if the credit union is primarily serving low-income members.

### **FISCAL IMPLICATIONS**

The appropriation of \$200,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 would revert to the general fund.

### **ADMINISTRATIVE IMPLICATIONS**

The DFA Local Government Division (LGD) does not administer any type of program related to the operation, feasibility or establishment of a credit union. Therefore, the LGD could only act within the procurement policy in providing oversight for contractual services.

### **ALTERNATIVES**

DFA offered the following alternatives:

1. A request could be issued to an existing credit union to conduct a low-income survey to determine if 80% of the people served in the area are of low-income. A determination of low-income would qualify the credit union as a "low-income" credit union by the NCUA.
2. A request to open a branch could be issued to an existing credit union to serve a specific underserved area or low-income area of Albuquerque.
3. Low-income individuals can continue to bank at conventional banks that are required to operate under the “Community Reinvestment Act” which requires all banks to operate under guidelines to serve the needs of individuals in that community.

**DH/lg**