

## Advantages of the Minnesota State Charter

One of the strengths of the credit union movement is the versatility and flexibility of the dual chartering system. Credit unions can be chartered by state governments or by the National Credit Union Administration (NCUA).

State charters, those chartered through their state governments as opposed to the National Credit Union Administration (NCUA), often hold several advantages such as local supervision, broader membership options, lower operating fees, and more expansive investment and member business lending authorities.



Grace Arnold, Commissioner  
Mike Crow, Senior Director, Financial Institutions Division  
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Around the States: [Minnesota State System Statistics](#)

## Experienced Governance from Saint Paul

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Minnesota's state-chartered credit unions are subject to state laws and regulations, including, but not limited to, [Minnesota Statutes, Chapter 52](#) and [Minnesota Administrative Rules Chapter 2675](#), which outline the authorities and responsibilities of state credit unions. [Minnesota Statutes Chapter 46](#) outlines the authorities and responsibilities of both Commerce and its [Financial Institutions Division](#) which are charged with the examination and regulation of state-chartered credit unions. These laws have been enacted to meet the specific needs of Minnesota's consumers.

Through its nationally accredited [Financial Institutions Division](#), Commerce provides important [resources](#) on its website covering a wide-ranging set of topics. Accreditation is earned by state supervisory agencies which meet strict standards of comprehensive regulation supported through sound policy and capable examiners.

## Ensuring Competitiveness

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Minnesota chartered credit unions have authority as delineated under Minnesota law and, pursuant to [Minnesota Statutes § 52.04, subd. 3](#), upon approval of the Commissioner, may exercise the powers and activities of, or take any action permitted for, a federal credit union, so long as the activity or action is not prohibited under Minnesota law.

## Field of Membership Flexibility

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Minnesota state-chartered credit unions have a broad array of field of membership choices and can combine multiple fields of membership options. Minnesota state-chartered credit unions are not limited to a single community or Select Employee Group (SEG) based fields but can include persons within one or more groups or any combination of groups having a common bond of occupation, association, or community. [Minnesota Statutes § 52.001, subd. 5](#) defines "community" as "an identifiable local neighborhood, community, rural district or other geographically well-defined area in which

individuals have common interests or interact..." [Minnesota Statutes § 52.05, subd. 1](#), provides for membership requirements, and states that "Organizations, incorporated or otherwise, composed for the most part of the same general group as the credit union membership may be members. Credit unions chartered by this or any other state, or any federal credit union may be members..."

## Greater Investment Authority

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Some of the investments that Minnesota chartered credit unions may make, subject to other statutes and rules, include:

- Premises or leasehold investments up to 50% of total reserves without Commissioner approval under [Minnesota Rules, part 2675.6111](#). The Commissioner does retain approval authority for related investments if over 50%. Furthermore, branch network expansion notification is not required presuming the aforementioned limits are not exceeded.
- Any investment legal for savings banks or for trust funds in the state as outlined in [Minnesota Statutes § 52.04, subd. 1\(6\)](#).

## Low Operating Fees

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The Credit Union Division at Commerce is a dedicated -funds agency with revenue derived solely from supervision, examination, and fees that are assessed to those state-chartered credit unions under its supervision. [Minnesota Statutes § 46.131](#) grants the Commissioner authority to adopt a schedule of fees to cover operating costs, based on the institution's total assets at the end of the previous calendar year. In addition to such assessments, each institution, except for credit unions under \$25,000, shall pay an examination fee based on the costs of producing an examination, upon the request of the Commissioner.

These combined fees levied on Minnesota state-chartered credit unions are lower than the fees charged by the National Credit Union Administration.

Despite the low cost, the Department provides comprehensive and reasonable regulation to the credit unions under its jurisdiction.

## Director Compensation

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Directors of Minnesota chartered credit unions may be reimbursed for necessary expenses incurred while serving in such capacity and may be compensated pursuant to [Minnesota Statutes § 52.09, subd. 3](#). A state-chartered credit union director's receipt of reasonable health, accident, and similar insurance protection is not considered compensation, and is allowed if approved by the membership.

## Public Funds Depository Qualifications

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[Minnesota Statutes § 52.04, subd. 1\(18\)](#) provides "notwithstanding the provisions of section 52.05, to accept deposits of public funds in an amount secured by insurance or other means pursuant to [chapter 118A](#) or [section 9.031](#) or other applicable law and to receive deposits of trust funds provided that either the provider or the beneficial owner of the funds is a member of the credit union accepting the deposit."

## Cannabis Banking

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In 2023, the [Minnesota Legislature](#) legalized adult-use cannabis and established an Office of Cannabis Management (OCM) to regulate the industry. Commerce collaborated with OCM and other state agencies to provide cannabis banking guidance to financial institutions in [Letter No. 2023-CRB-01](#).

## Prize Linked Savings

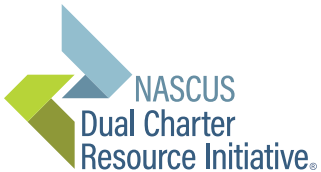
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Under the provisions of [Minnesota Statutes § 52.04, subd. 1\(29\)](#), state-chartered credit unions are authorized to participate in Prize-Linked Savings account programs to credit union members subject to other provisions of state law, including, but not limited to, [Minnesota Statutes § 609.761, subd. 6](#).

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The National Association of State Credit Union Supervisors

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