

Opening Statement
Rep. Ed Royce (CA-40)
"Net Worth Amendment for Credit Unions Act"
13 April 2005

Chairman Bachus, I would like to thank you for holding this hearing and for introducing H.R. 1042, the "Net Worth Amendment for Credit Unions Act." I am a supporter and an original cosponsor of the bill.

Credit Unions currently serve over 85 million Americans, which makes the credit union industry an important part of our nation's financial system. Credit unions are an engine of economic activity and growth -- helping Americans finance the purchase of homes and cars, save for college and retirement, and access capital for small business investment.

Currently, when one credit union acquires another credit union the retained earnings of the acquired credit union do not accrue, for statutory purposes, to the retained earnings of the acquirer. This rule results in the newly created credit union having an arbitrarily low reported net worth. H.R. 1042 amends the statutory definition of a credit union's net worth to allow the retained earnings of both firms to count as net worth in the newly combined entity. My hope is that Congress will move swiftly to correct this issue.

I look forward to the testimony of today's witnesses. Again, Chairman Bachus thank you for having this hearing. I yield back.