



Maine Credit Union League

2 Ledgeview Drive · Westbrook, ME 04092
Mailing Address: P.O. Box 1236 · Portland, ME 04104
207-773-5671 · 1-800-442-6715
www.maineicul.org

In Opposition to
LD 142: An Act to Prohibit Financial Institutions from Charging Multiple Fees for Attempted Withdrawals Involving Insufficient Funds
Committee on Health Coverage, Insurance and Financial Services
February 4, 2025

Good Afternoon, Senator Bailey, Representative Mathieson, and distinguished members of the Committee on Health Coverage, Insurance and Financial Services,

My name is Krista Simonis and I am the Director of Governmental Affairs at the Maine Credit Union League. The Maine Credit Union League is the trade association for Maine's 48 credit unions and over 750,000 members statewide. We respectfully submit the following testimony **in opposition to LD 142.**

We appreciate Senator Libby's advocacy in speaking up for his constituents on this issue. The Maine Credit Union League, the Consumer Finance Protection Bureau (CFPB), and the National Credit Union Administration (NCUA) all agree with the Senator that charging multiple fees for the same returned transaction is not in the best interests of members. That is why credit unions across the state have been updating their policies to make it easier for consumers to have fees reversed when an instance of this occurs. Unfortunately, this is not an automated process.

With the current technology, when a charge occurs to an account, the receiving financial institution cannot know for sure if the transaction is a resubmission/representation unless the transaction is coded that way specifically. If the merchant does not include "RETRY PYMT" in the description field, it could simply be a second transaction— like buying a cup of coffee for the same amount at the same place every day. Leaving out "RETRY PYMT" in the description field when re-presenting the transaction could be an error or, an attempt by the merchant to process the transaction in the hope it will not be returned a second or third time.

As a result of this technological shortcoming, credit unions have been modifying their disclosures to make it clearer to members that when this situation happens, the credit union will reverse the charge, provided they are aware it is a duplicate transaction. In fact, it is our understanding that the bill sponsor drafted this bill because a constituent received one of these updated Member Account Agreements, which increased transparency around this process, aligning with the bill's intent. This practice, of reversing fees upon investigation of duplicate charges, is in line with current federal guidance and has been approved by federal regulators.

This is the best solution given the current technology. For properly coded transactions, that include "RETRY PYMT" in the description, federal guidance already prevents duplicate fees on the same transaction.

While admirable in its goals, we oppose LD 142 because it is unnecessary, impossible to comply with, and unenforceable on federally chartered credit unions. Mainers benefit from a robust community financial services industry; having both federal and state chartered credit unions and banks. LD 142 would only apply to state chartered credit unions, bringing them out of parity with their federal counterparts and encouraging more state charters to switch to federal charters.

Federal guidance requires credit unions not to charge duplicate fees on represented transactions, when they know about it. Given current technology, credit unions are already doing their best to comply with the intention of this bill. For these reasons we strongly oppose LD 142.