

HOUSE BILL REPORT

HB 1891

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to state-chartered financial institutions parity with federally chartered financial institutions.

Brief Description: Providing parity among financial institutions.

Sponsors: Representatives Smith, Wolfe and L. Thomas.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/23/95, 2/27/95 [DP].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 15 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benton; Campbell; Costa; Dellwo; Dyer; Huff; Kessler; Mielke; Ogden and Pelesky.

Staff: Charlie Gavigan (786-7340).

Background: Banks are regulated by the federal government, the state, or both. State-chartered banks are regulated by the state Department of Financial Institutions and the Federal Deposit Insurance Corporation (FDIC). Federally-chartered banks are regulated by the Comptroller of the Currency, the Federal Reserve Board, and the FDIC. The bank chooses whether to be state-chartered or federal-chartered.

State regulation of state-chartered banks is based on state statutes and rules adopted by the Department of Financial Institutions. These statutes include: (1) limits on loans to one person; (2) reports of financial condition; and (3) filing of reports.

Summary of Bill: Revisions are made to state statutes regarding regulation of banks. The lending limit of state banks is raised in some instances. The director of the Department of Financial Institutions must be guided by rulings of the Comptroller of the Currency regarding limits on loans to any one person. The financial report of the assets and liabilities of banks, which must be made at least three times to the director of the Department of Financial Institutions, no longer must be published in a local

newspaper. The director must provide a copy of this and other regular reports of banks free of charge to any person that requests a copy of the report.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill maintains parity between national and state banks. It ensures that state banks aren't put at a disadvantage to federally-chartered banks regarding some lending limits and reporting requirements. These changes will not affect the safety and soundness of banks.

Testimony Against: None.

Testified: Meara Nisbet, Washington Bankers Association (pro); and Benson Porter, Key Bank (pro).