

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2560

Chapter 45, Laws of 1998

55th Legislature
1998 Regular Session

TRUST COMPANIES--REGULATIONS

EFFECTIVE DATE: 6/11/98

Passed by the House February 10, 1998
Yeas 96 Nays 0

CLYDE BALLARD
**Speaker of the
House of Representatives**

Passed by the Senate March 5, 1998
Yeas 48 Nays 0

BRAD OWEN
President of the Senate

Approved March 18, 1998

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2560** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

FILED

March 18, 1998 - 6:07 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2560

Passed Legislature - 1998 Regular Session

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas and Wolfe; by request of Department of Financial Institutions)

Read first time 01/22/98. Referred to Committee on .

1 AN ACT Relating to the powers of trust companies; amending RCW
2 30.04.280 and 30.53.070; and adding a new section to chapter 30.08 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 30.04.280 and 1996 c 2 s 4 are each amended to read as
5 follows:

6 No person shall engage in banking except in compliance with and
7 subject to the provisions of this title, unless it is a national bank
8 or except insofar as it may be authorized so to do by the laws of this
9 state relating to mutual savings banks or savings and loan
10 associations. A corporation shall not engage in a trust business
11 except in compliance with and subject to the provisions of this title.
12 A bank shall not engage in a trust business except as authorized under
13 this title. A bank or trust company shall not establish any branch
14 except in accordance with the provisions of this title. Except as
15 authorized by federal law or by another law of this state, a trust
16 company incorporated under the laws of another state, a national trust
17 company or national bank the main office of which is located in such
18 other state, or a federal savings bank the home office of which is
19 located in such other state, shall not be permitted to engage in a

1 trust business in this state on more favorable terms and conditions
2 than the terms and conditions on which trust companies incorporated
3 under this chapter and mutual savings banks engaged in trust business
4 under RCW 32.08.140, 32.08.142, 32.08.210, and 32.08.215 are permitted
5 to engage in trust business in such other state.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 30.08 RCW
7 to read as follows:

8 Notwithstanding any restrictions, limitations, and requirements of
9 law, in addition to all powers, express or implied, that a trust
10 company has under the laws of this state, a trust company shall have
11 the powers and authorities conferred as of the effective date of this
12 act upon a federally chartered trust company doing business in this
13 state. A trust company may exercise the powers and authorities
14 conferred on a federally chartered trust company after this date only
15 if the director finds that the exercise of such powers and authorities:

- 16 (1) Serves the convenience and advantage of trustors; and
17 (2) Maintains the fairness of competition and parity between state-
18 chartered trust companies and federally chartered trust companies.

19 As used in this section, "powers and authorities" include without
20 limitation powers and authorities in corporate governance and
21 operational matters.

22 The restrictions, limitations, and requirements applicable to
23 specific powers or authorities of federally chartered trust companies
24 shall apply to trust companies exercising those powers or authorities
25 permitted under this section but only insofar as the restrictions,
26 limitations, and requirements relate to exercising the powers or
27 authorities granted trust companies solely under this section.

28 **Sec. 3.** RCW 30.53.070 and 1994 c 256 s 65 are each amended to read
29 as follows:

- 30 (1) The owner of shares of a trust company that were voted against
31 a merger to result in a trust company shall be entitled to receive
32 their value in cash, if and when the merger becomes effective, upon
33 written demand made to the resulting trust company at any time within
34 thirty days after the effective date of the merger, accompanied by the
35 surrender of the stock certificates. The value of the shares shall be
36 determined, as of the date of the stockholders' meeting approving the
37 merger, by three appraisers, one to be selected by the owners of two-

1 thirds of the dissenting shares, one by the board of directors of the
2 resulting trust company, and the third by the two so chosen. The
3 valuation agreed upon by any two appraisers shall govern. If the
4 appraisal is not completed within ninety days after the merger becomes
5 effective, the director shall cause an appraisal to be made. ((The
6 expenses of appraisal shall be paid by the resulting trust company.))

7 (2) The dissenting shareholders shall bear, on a pro rata basis
8 based on number of dissenting ((~~shared~~ {~~shares~~}) shares owned, the
9 cost of their appraisal and one-half of the cost of a third appraisal,
10 and the resulting trust company shall bear the cost of its appraisal
11 and one-half of the cost of the third appraisal. If the director
12 causes an appraisal to be made, the cost of that appraisal shall be
13 borne equally by the dissenting shareholders and the resulting trust
14 company, with the dissenting shareholders sharing their half of the
15 cost on a pro rata basis based on number of dissenting shares owned.

16 (3) The resulting trust company may fix an amount which it
17 considers to be not more than the fair market value of the shares of a
18 merging trust company at the time of the stockholders' meeting
19 approving the merger, that it will pay dissenting shareholders of the
20 trust company entitled to payment in cash. The amount due under an
21 accepted offer or under the appraisal shall constitute a debt of the
22 resulting trust company.

Passed the House February 10, 1998.

Passed the Senate March 5, 1998.

Approved by the Governor March 18, 1998.

Filed in Office of Secretary of State March 18, 1998.