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HOUSE BILL 2891

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State of Washington

52nd Legislature

1992 Regular Session

By Representatives Day, Heavey, Lisk, Grant, R. Meyers, Fuhrman, R. Fisher, D. Sommers, Wilson, Rayburn, Franklin, Wynne, Wood, Hochstatter and May

Read first time 01/31/92. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to bank concentration levels; adding a new section  
2 to chapter 19.86 RCW; creating a new section; and declaring an  
3 emergency.

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

5 NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
6 retain a competitive financial base within the banking industry in  
7 Washington state. It is also the intent of the legislature to protect  
8 the best interests of the people and businesses in Washington by  
9 retaining competitive banking services throughout the state.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 19.86 RCW  
11 to read as follows:

12 (1) Notwithstanding the provisions of RCW 19.86.170 and 19.86.920,  
13 an acquisition of a commercial bank doing business within the state

1 shall be presumed to substantially lessen competition in violation of  
2 RCW 19.86.060 if such acquisition would:

3 (a) Give the acquiring entity control over thirty percent or more  
4 of the deposits held by commercial banks in the state; or

5 (b) In any county increase the Herfindahl Hirschman Index by more  
6 than one hundred points and the post-acquisition Herfindahl Hirschman  
7 Index is between one thousand and one thousand eight hundred points,  
8 based on deposits held by commercial banks; or

9 (c) In any county increase the Herfindahl Hirschman Index by more  
10 than fifty points and the post-acquisition Herfindahl Hirschman Index  
11 is one thousand eight hundred points, based on deposits held by  
12 commercial banks.

13 (2) For purposes of this section, deposit volumes as reported by  
14 the federal deposit insurance corporation shall be used in calculating  
15 deposit market shares. The Herfindahl Hirschman Index is computed by  
16 summing the numerical squares of the market shares of all commercial  
17 banks in the county.

18 (3) The provisions of this section are retroactive and shall apply  
19 to any acquisition of a commercial bank closing after January 1, 1992.

20 NEW SECTION. **Sec. 3.** If any provision of this act or its  
21 application to any person or circumstance is held invalid, the  
22 remainder of the act or the application of the provision to other  
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
25 preservation of the public peace, health, or safety, or support of the  
26 state government and its existing public institutions, and shall take  
27 effect immediately.