

SENATE BILL REPORT

SHB 2286

As Reported By Senate Committee On:
Financial Institutions & Insurance, March 27, 2007

Title: An act relating to interstate branching.

Brief Description: Regulating interstate branching.

Sponsors: House Committee on Insurance, Financial Services & Consumer Protection (originally sponsored by Representatives Simpson, Kirby, Williams, Kelley and Hunt).

Brief History: Passed House: 3/14/07, 96-0.

Committee Activity: Financial Institutions & Insurance: 3/21/07, 3/27/07 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, Hatfield, Parlette and Schoesler.

Staff: Diane Smith (786-7410)

Background: In 1994, Congress passed an interstate bank branching act (Riegle-Neal Act), giving states five choices for how to allow interstate bank branching. Washington uses the federally-allowable choice, made by approximately 16 other states, called "reciprocal de novo branching." Under that approach, an out-of-state financial institution is permitted to form branches in Washington State without having first to acquire a bank, provided that the other state's laws permit branching by a Washington State bank or savings bank on equally favorable terms and conditions as Washington offers. Mergers are allowed between domestic stock savings banks and certain out-of-state national banks.

Summary of Substitute Bill: Out-of-state banks are allowed to establish branches in Washington that are within one mile of a commercial affiliate only to the extent permitted for a Washington bank under state and federal law.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony: PRO: This is identical to the Hobbs bill. Interstate branching is a complex matter.

Persons Testifying: PRO: Brad Tower, Mike Edwards, Washington Independent Community Bankers.