

SENATE BILL REPORT

SHB 2560

As Reported By Senate Committee On:
Financial Institutions, Insurance & Housing, February 25, 1998

Title: An act relating to the powers of trust companies.

Brief Description: Regulating trust companies.

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

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 2/19/98, 2/25/98 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Winsley, Chair; Benton, Vice Chair; Finkbeiner, Hale, Heavey, Kline and Prentice.

Staff: Joanne Conrad (786-7472)

Background: Interstate business by financial institutions, including banks and trust companies, is increasingly common. Trust companies in Washington State have certain legal powers and responsibilities. Concern exists regarding interstate parity, and maintaining consistent standards, so that an out-of-state corporate entity engaged in the trust business in Washington State would be treated in the same manner as a Washington company would be in the home state of the out-of-state company.

Summary of Bill: Foreign and national trust companies, as well as national banks and federal savings banks with out-of-state main offices, are prohibited from doing trust business in Washington under terms and conditions more favorable than Washington State domestic trust companies and mutual savings banks would receive in other states.

Trust companies incorporated in Washington State have the same powers and authorities as a federally chartered trust company, but may only exercise those powers and authorities with approval of the director of the Department of Financial Institutions, based upon standards of fairness and parity.

In the event of a merger creating a trust company, dissenting shareholders are entitled to have their shares cashed-out, at an appraised value. The expenses of such appraisal are no longer borne by the trust company.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Washington companies need parity and reciprocity with companies in other states.

Testimony Against: None.

Testified: Jerry Zachary, Department of Financial Institutions (pro).