

**FINAL BILL REPORT**

**SSB 5270**

**C 472 L 93**

**SYNOPSIS AS ENACTED**

**Brief Description:** Creating a department of financial institutions.

**SPONSORS:** Senate Committee on Labor & Commerce (originally sponsored by Senators Moore, Prentice and Amondson)

**SENATE COMMITTEE ON LABOR & COMMERCE**

**HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**HOUSE COMMITTEE ON APPROPRIATIONS**

**BACKGROUND:**

State-chartered financial institutions are regulated by two separate divisions within the Department of General Administration. The Division of Banking charters, examines, and regulates state-chartered commercial banks, savings banks, trust companies, and alien institutions. In addition, the Division of Banking licenses consumer loan companies and check cashers and sellers. The Division of Savings and Loan charters, examines, and regulates state-chartered credit unions and savings and loan associations. Both divisions maintain their own administrative and examination staff.

A recent report by an industry advisory panel to the Department of General Administration recommends the consolidation of these two divisions into a new department with an advisory board. The panel recommends the new department contain the following divisions: a division for the regulation of all FDIC-insured institutions, a division for the regulation of credit unions, and a division for consumer affairs to regulate consumer loan companies and check cashers and sellers.

The panel cited several reasons for its recommendations. By being devoted solely to the regulation of financial institutions, the new department will have increased visibility and concentration concerning regulatory issues. The combination of similar functions also is anticipated to improve the quality and efficiency of the regulatory process.

**SUMMARY:**

The Department of Financial Institutions is created.

The director of the department is appointed by the Governor. The director is vested with all powers and functions currently

possessed by the Department of General Administration, the Supervisor of Banking, and the Supervisor of Savings and Loan with respect to the entities regulated by the Divisions of Banking and Savings and Loan.

In addition, the regulatory authority of the Securities Division within the Department of Licensing is transferred to the Department of Financial Institutions. The Division of Securities is to be funded by an appropriated, dedicated fund into which 13 percent of all monies received by the division are deposited with the remainder going to the general fund. Monies deposited in the fund may only be used for the expenses of regulation performed by the Division of Securities.

The directors of the Departments of General Administration and Licensing are directed to take those steps necessary to implement the new department by October 1, 1993.

**VOTES ON FINAL PASSAGE:**

Senate	48	0	
House	77	21	(House amended)
Senate	46	0	(Senate concurred)

**EFFECTIVE:** October 1, 1993