

FINAL BILL REPORT

SB 6285

PARTIAL VETO

C 256 L 94

SYNOPSIS AS ENACTED

Brief Description: Regulating financial institutions and securities.

SPONSORS: Senators Moore and Sellar; by request of Department of Financial Institutions

SENATE COMMITTEE ON LABOR & COMMERCE

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

BACKGROUND:

The 1993 Legislature created the Department of Financial Institutions (DFI). The DFI regulates banks, savings banks, foreign bank branches, savings and loan associations, credit unions, consumer loan companies, mortgage brokers, check cashers and sellers, and trust companies and departments. The DFI's Securities Division regulates securities, business opportunities, franchises, commodities, and other speculative investments.

In October 1993 DFI began a process of identifying unnecessary regulatory burdens in current laws governing financial institutions. DFI's goal was to identify laws placing unwarranted restrictions on the business activities of financial institutions, while assuring that laws addressing public interest were not compromised.

In the process of reviewing current law, DFI sent letters to 200 state chartered financial institutions. These institutions included commercial banks, savings banks, savings and loan associations, and credit unions. In this correspondence, DFI requested each institution submit recommendations for improving current law. DFI also contacted internal examiners and key department personnel for their opinions.

DFI met several times with various groups offering suggestions for change. After many meetings with financial institutions, DFI drafted legislation and submitted it to the industry for comments.

SUMMARY:

Numerous modifications are made to laws related to the regulation of securities activities, commercial banks, credit unions, and savings banks.

The boards of directors and managers are given additional discretion in managing and operating financial institutions. Statutory accounting principles for financial institutions are replaced with generally accepted accounting principles.

Commercial banks' powers to engage in activities that the Federal Reserve and Congress deem closely related to banking are updated.

Credit unions are provided with additional flexibility in their ability to offer loans. State chartered credit unions are considered corporations and are subject to the Washington corporation statute.

The director of Financial Institutions may update by rule the authority of savings banks to exercise powers that the federal government grants to federally chartered savings banks. The authority of savings banks to merge with other federal and state chartered financial institutions is clarified.

VOTES ON FINAL PASSAGE:

Senate	47	0
House	94	0

EFFECTIVE: June 9, 1994

Partial Veto Summary: The portion of the bill that eliminates the requirement for state chartered banks to publish statements of condition three times a year in a local newspaper is removed.