

SENATE BILL REPORT

SHB 1759

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, April 3, 2003

Title: An act relating to financial institution law parity.

Brief Description: Providing financial institution law parity.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke and Benson).

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 3/20/03, 4/3/03 [DP].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser, Prentice, Reardon and Roach.

Staff: Joanne Conrad (786-7472)

Background: The Washington State Department of Financial Institutions (DFI), as the primary state regulator, is responsible for oversight of the safety and soundness of a broad range of state-chartered financial institutions. These include banks, mutual savings banks, savings and loans and credit unions.

In order for the state to maintain parity among state-chartered entities, and between state and national financial institutions, state laws have been updated and clarified several times since 1980. Currently, state banks regulated under Title 30 of the Revised Code of Washington (RCW) do not have total parity with state mutual savings banks, regulated under Title 32 RCW.

Financial depository institutions in Oregon, Idaho and 21 other jurisdictions have no ceiling on interest rates and have the ability to export interest rates for multi-state operations. These are market-driven, competitive interest rates.

Summary of Bill: Complete "universal" parity is established between Title 32 savings banks, Title 30 state banks, and Title 32 mutual savings banks. DFI maintains its role as the state regulator for all these state-chartered entities, supervising them and examining them for safety and soundness.

All state depository institutions (banks, mutual savings banks, savings and loans, and credit unions) have parity with national banks, regarding the maximum rates and fees for home equity and consumer loans. Ambiguity on this point is clarified in statute.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.