
**Financial Institutions &
Insurance Committee**

SSB 5266

Brief Description: Reserving state authority to regulate customer financial transactions.

Sponsors: Senators Fairley, Benson, Prentice and Benton.

Brief Summary of Bill

- Prohibits cities, towns, counties, and other local governmental entities from regulating specified aspects of any lawful financial transaction between a consumer and either a business or profession under the jurisdiction of the Department of Financial Institutions or a financial institution defined in RCW 30.22.041.

Hearing Date:

Staff: Jon Hedegard (786-7127).

Background:

The financial services industry is generally regulated by federal and state governments. In Washington State, financial services providers are regulated by the Department of Financial Institutions. Examples of financial services providers include: state chartered banks; savings banks; credit unions; check cashers; payday lenders; and licensed securities dealers.

In some states, local government entities have attempted to regulate financial services. In response, some states have enacted laws barring local governments from enforcing ordinances or regulations pertaining to financial services.

Title 35 addresses the regulation of cities and towns.

Title 35A addresses the regulation of entities that choose the optional municipal charter.

Title 36 addresses the regulation of counties.

RCW 30.22.041(2) defines "Financial Institution" as:

- state and national banks and trust companies;
- state and federal savings banks;
- state and federal savings and loan associations; and
- state and federal credit unions.

Summary of Bill:

Cities and towns are prohibited from regulating the terms or conditions of any lawful financial transaction between a consumer and either a business or profession under the jurisdiction of the Department of Financial Institutions or a financial institution defined in RCW 30.22.041.

Counties and other local governmental entities are prohibited from regulating the terms or conditions or disclosures of any lawful financial transaction between a consumer and either a business or profession under the jurisdiction of the Department of Financial Institutions or a financial institution defined in RCW 30.22.041.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.