

SENATE BILL REPORT

SSB 5266

As Passed Senate, March 9, 2005

Title: An act relating to reserving state authority to regulate the customer transactions of financial service providers under the jurisdiction of the department of financial institutions.

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

Sponsors: Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Fairley, Benson, Prentice and Benton).

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/25/05 [DPS].

Passed Senate: 3/9/05, 41-4.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5266 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Benton, Delvin, Franklin, Keiser, Prentice and Spanel.

Staff: Joanne Conrad (786-7472)

Background: The regulation of the financial services industry is typically overseen by federal and state governments. In Washington State, financial services providers, such as state chartered banks, savings banks, credit unions, check cashers, payday lenders and licensed securities dealers are regulated by the Department of Financial Institutions.

In some states, local government entities have attempted to regulate financial services. Almost 20 states have now enacted laws barring local government from enforcing ordinances or regulations pertaining to financial services.

Summary of Bill: Cities, towns and local government entities are prohibited from regulating the terms or conditions of lawful transactions between financial institutions and their customers. The authority to regulate financial services businesses is reserved to the state.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: Financial institutions and consumers need to have consistency among locations. Some local jurisdictions are attempting to regulate transactions, which are more appropriately regulated on a statewide level.

Testimony Against: None.

Who Testified: PRO: Gary Gardner, Boeing Employees Credit Union.

House Amendment(s): Local government cannot regulate "disclosures" to consumers by financial institutions.

Passed House: 95-0.