

REVENUE: No revenue impact**FISCAL: Fiscal statement issued****Action:** Do Pass as Amended and Be Printed Engrossed**Vote:** 4 - 0 - 1**Yeas:** Bonamici, George, Monroe, Shields**Nays:** 0**Exc.:** Boquist**Prepared By:** Patrick Brennan, Administrator**Meeting Dates:** 3/23

WHAT THE MEASURE DOES: Empowers the Director of the Department of Consumer and Business Services to regulate the activities of out-of-state financial institutions. Outlines conditions under which an out-of-state financial institution may obtain a certificate of authority to operate in Oregon. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Impact of federal Dodd-Frank Act
- Role and regulation of bank holding companies
- Purpose of fee increases in measure

EFFECT OF COMMITTEE AMENDMENT: Specifies that sections 24 and 25 are to be made part of ORS 715, rather than part of the Bank Act.

BACKGROUND: The Finance and Securities Division of the Department of Consumer and Business Services (DCBS) is the state entity responsible for overseeing the operation of banks and other financial institutions in Oregon. Oregon has not historically allowed out-of-state banks to expand into Oregon, except in cases where it acquired an Oregon bank or branch that had been operating in the state for a minimum of three years. The practice precluded the need for DCBS to perform a complete regulatory examination when the bank applied to open a new branch.

Passage of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) made it easier for national banks and banks regulated by other states to establish branches in Oregon. Senate Bill 92-A increases the application fee for an out-of-state bank to open an Oregon branch from \$500 to \$2,500, which reportedly allows DCBS to conduct a more thorough investigation than typically performed for Oregon-based banks.

Senate Bill 92-A also authorizes DCBS to require corrective action be taken by bank holding companies following examination by the Department, to guarantee the capital levels of subsidiary banks, and approve, disapprove, or remove holding company officers for cause.