

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	8 - 0 - 0
Yeas:	Conger, Doherty, Esquivel, Hoyle, Johnson, Matthews, Kennemer, Schaufler
Nays:	0
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/9

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 an emergency, effective upon passage.

ISSUES DISCUSSED:

- Current enforcement powers for regulating state chartered and federally chartered financial institutions
- Frequency of regulatory examinations
- Number of states that have similar provisions in place regarding enforcement authority over financial holding companies and bank holding companies

EFFECT OF COMMITTEE AMENDMENT: Deletes provisions that provided the Department of Consumer and Business Services with enforcement authority over financial holding companies and bank holding companies.

BACKGROUND: Current statute allows federally chartered banks, or banks chartered in another state, to provide banking services in Oregon if the bank purchases or merges with an existing bank or branch that has operated in Oregon for at least three years. Because of this statute, the practice did not necessitate the Department of Consumer and Business Services (DCBS), which is responsible for regulation and oversight of financial institutions, to perform a complete regulatory examination when these types of banks applied to open a new branch and sought to obtain a certificate of authority to engage in Oregon-based banking activities. However, provisions within the enacted 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-B allows for DCBS to evaluate out-of-state banks that wish to establish a branch in Oregon. Due to the increased level of review that would take place, Senate Bill 92-B increases the application fee for an out-of-state bank to open an Oregon branch from \$500 to \$2,500, which allows DCBS to conduct an investigation comparable to the current process used for evaluating a proposed bank merger or acquisition. Activities that would take place during such an investigation include evaluation of the bank's capital, management, and compliance with federal reinvestment requirements; review of the bank's consumer compliance record; and verification of application information with the bank's home state and federal banking agencies.

Senate Bill 92-B also establishes protection for depositors' ownership interest in a nonstock bank, such as a federal savings bank, if they convert to an Oregon stock bank. The measure also updates statutes requiring financial institutions chartered by a sovereign country to have Federal Deposit Insurance (FDIC) insurance, complying with other provisions in the Dodd-Frank Act.

5/13/2011 3:36:00 PM

This summary has not been adopted or officially endorsed by action of the committee.