

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	9 - 0 - 1
<b>Yeas:</b>	Barton, Fagan, Holvey, Kennemer, Matthews, Thompson, Weidner, Witt, Doherty
<b>Nays:</b>	0
<b>Exc.:</b>	Thatcher
<b>Prepared By:</b>	Jan Nordlund, Administrator
<b>Meeting Dates:</b>	2/15, 2/22

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**WHAT THE MEASURE DOES:** Allows Director of Department of Consumer and Business Services to determine by rule how frequently bank board of directors must meet. Permits bank to give Director uncertified copy of audit committee report. Requires audit committee report be provided to the Director only when the Director requests report. Permits commercial bank or Oregon trust company to invest assets in limited liability companies in specific circumstances. Prohibits commercial bank from knowingly permitting savings account to be overdrawn except for inadvertent overdraft. Defines inadvertent overdraft.

**ISSUES DISCUSSED:**

- Ramifications of submitting uncertified copy of audit committee report
- Whether banks are already investing in limited liability companies

**EFFECT OF COMMITTEE AMENDMENT:** Allows Director of Department of Consumer and Business Services to determine by rule how frequently bank board of directors must meet. Requires audit committee report be provided when the Director requests it as opposed to within five days of the report being recorded in the bank’s minute book. Changes definition of inadvertent overdraft.

**BACKGROUND:** The Bank Act is contained in ORS chapters 706 to 716. Current law requires the board of directors of a banking institution to hold a regular meeting at least once every month unless the Director of DCBS approves otherwise. House Bill 2070-A allows the Director to determine through rulemaking how frequently bank boards of directors must meet.

Under current law, the bank audit committee is tasked with examining and studying the report that the bank supervising authority makes and reporting to the board of directors within 60 days concerning the criticisms and suggestions contained in the report. A certified copy of the audit committee report must be transmitted to the Director within five days. House Bill 2070-A allows an uncertified copy to be provided and specifies that the report need only be provided upon request of the Director.

Institutions currently are allowed to invest assets in stock under certain circumstance. House Bill 2070-A allows the investment of assets into membership interests of limited liability companies under the same specified circumstances that stock investments may be made.

Under current law, institutions may not knowingly allow a depositor to overdraw a savings account except under specified circumstances. House Bill 2070-A adds “inadvertent overdrafts” to the list of specified circumstances.