

SUBJECT: Quarterly reports by large financial institutions and their branches

COMMITTEE: Financial Institutions — favorable, without amendment

VOTE: 6 ayes — Marchant, Elkins, Giddings, Grusendorf, Patterson, Romo

0 nays

3 absent — Carona, Gutierrez, Hudson

WITNESSES: For — Karen Neeley, Texas Independent Bankers Association; Robert Schneider, Consumers Union

Against — John Heasley, Texas Bankers Association

DIGEST: HB 1289 would require financial institutions with deposits of \$300 million or more and holding companies owning or controlling financial institutions with deposits of \$300 million or more to make quarterly financial reports to the appropriate state regulator beginning with the first calendar quarter in 1996.

The bill would not apply to a financial institution or holding company whose offices were all located in one county.

Reports. A separate report would be required for each branch office except for those located in one county, where one report would suffice for all branches. The Finance Commission would be required to create the reporting form that would have to include loan and deposit categories required by the Financial Institutions Examination Council.

Financial institutions would be required to submit the reports to the regulatory authority no later than 30 days after the end of each calendar quarter and to the public 30 days after that. Institutions would be required to keep and make the reports available to the public for five years. Each branch would have to have a copy of their report. Financial institutions would have to make the reports available to the public during regular business hours and could charge a fee for photocopying the reports.

Institutions would be required to post notice regarding the availability of the report in the lobby of the home office and any branch office.

Penalties. The bill would require the Finance Commission to adopt rules regarding the reporting requirements in this bill. The penalties for violating the provisions of the bill would be assessed by the appropriate state regulator, but could not exceed \$500 a day. The penalty funds would be deposited in the state treasury.

If federal regulators determined that the provisions of the bill do not apply to federally-chartered institutions, then the provisions would also not apply to state-charted financial institutions.

**SUPPORTERS
SAY:**

HB 1289 would establish a means of determining the financial activity of the branches of large financial institutions and holding companies. State regulators, the Legislature and the public need to know whether large financial institutions with branches that are not locally owned are meeting the loan capital needs of the communities where they are located. A quarterly review of deposits and loans would be a significant indicator to the Legislature of how it should proceed when it determines next session whether to opt in to the federal branch banking law.

The information that the bill would require would not be onerous for the institutions and branches to compile; it would just be shared with regulators and the public.

**OPPONENTS
SAY:**

This bill would discriminate against larger financial institutions by forcing them to compile by branch extensive financial information each quarter for public inspection. The extra paperwork and cost involved in compiling this information and making it available to the public would create an unnecessary regulatory burden.