

SUBJECT: Revision of State Savings Bank Act

COMMITTEE: Financial Institutions — favorable, with amendment

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

0 nays

3 absent — Grusendorf, Gutierrez, Hudson

WITNESSES: For — None

Against — None

On — James Pledger, Texas Savings and Loan Department

BACKGROUND: In 1993 the Legislature enacted the Texas Savings Bank Act, allowing creation of state-chartered savings banks. This new type of financial institution, which focuses on housing-related investments, is regulated by the Texas Savings and Loan Department and is insured by the Federal Deposit Insurance Corporation (FDIC).

DIGEST: HB 1020, as amended, would make numerous revisions to the Texas Savings Bank Act, amending requirements for confidentiality, director qualifications, authority of the savings and loan commissioner, asset and capital requirements and other issues. The committee amendment additionally would remove state and federal credit unions from the Savings Bank Act definition of a financial institution. The bill would:

- Specify that financial information submitted by an officer of a savings bank applying for incorporation is subject to the same confidential treatment as similar information provided by directors and incorporators;
- Specify that the confidentiality section of the act applies to information about shareholders, officers, etc. and the circumstances under which information can be released by a savings bank or obtained under a subpoena;
- Allow the savings and loan commissioner in choosing among competing charters applications to give preference to savings banks that are controlled by the residents of the community in which the banks are to be located;

- Specify that a hearing over the application to incorporate a savings bank is not required if no party wishes to testify and the application meets statutory requirements. If a hearing is held and the application is denied, the applicant could appeal to the Travis County district court and to the appellate court with proper jurisdiction;
- Allow the savings and loan commissioner to delay publication of the notice of an application for the change in control of a savings bank and to approve or deny the change of control of a savings bank without a hearing. Applicants could request a public hearing upon receipt of a notice that the commissioner intended to deny their application;
- Remove the requirement that a director of a savings bank be a U.S. citizen;
- Allow the finance commission to expand savings banks' powers to respond to changing technologies and to the needs of the public;
- Prevent a savings bank from investing more than an amount equal to its regulatory capital in real estate, buildings and related facilities without prior approval of the savings and loan commissioner;
- Allows the finance commission to approve new forms of savings banks' facilities;
- Exclude from a saving bank's total calculation of its investments in subsidiaries the amounts invested in a subsidiary corporation whose activities are limited to those that could be directly conducted by the parent savings bank;
- Change the requirement that a savings bank maintain a minimum of 10 percent of its assets to a requirement that it maintain 10 percent of an amount equal to its average daily deposits for the most recently completed calendar quarter;
- Clarify that other statutory references to a corporation, association or other organization incorporated or organized under the Texas Savings and Loan Act is also a reference to a savings bank and which savings banks must comply with the Texas Savings Bank Act, based on the act's effective date.

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SUPPORTERS  
SAY:

HB 1020, by making numerous technical amendments to the Texas Savings Bank Act, would clarify the meaning of the act, alleviate the confusion between the act and other statutes and make the act conform with other state and federal laws.

HB 1020 would improve savings bank services to the public by allowing savings banks to take advantage of changing technologies and respond better to public needs. It also would allow the savings and loan commissioner in granting charters to give preference to savings banks that are controlled by the residents of the communities in which the banks are located.

Certain information obtained by the Savings and Loan Department would be confidential, and the authority of savings banks to release reports would be clarified.

OPPONENTS  
SAY:

No apparent opposition

NOTES:

The committee amendment would remove a provision in the original version adding state and federal credit unions to the act's definition of financial institutions.