

Senate Bill 381... relating to: regulatory examinations of savings banks and savings and loan associations.

BILL SPONSORS	Introduced by Senator Schultz Cosponsored by Representative Montgomery
BILL HISTORY	Senate Bill 381 was introduced on 01-08-04. it was read for the first time and referred to committee on Agriculture, Financial Institutions and Insurance. A public hearing and executive session were held on 01-13-04 and executive action was taken on 01-20-04. The committee recommended SB 381 for passage on a vote Ayes 5, Noes 0.
LRB ANALYSIS	<p>Current Law: requires the Division of Banking in the Department of Financial Institutions (division) to examine each state-chartered savings and loan association (savings and loan) at least once every 18 months, unless the division accepts an examination by the Federal Deposit Insurance Corporation, the federal Office of Thrift Supervision, or any other governmental agency authorized to make such examinations pursuant to that agency's rules and regulations. Any such alternative examination must comply with the division's procedures. Current law also requires the division to examine each state-chartered savings bank (savings bank) at least once every 18 months. Current law has a different, though similar, alternative examination provision applicable to state-chartered banks (state banks). Current law does not permit the division to accept an alternative examination of a savings bank.</p> <p>Proposed Changes: This bill changes the alternative examination provision applicable to savings and loans, making it substantially similar to the alternative examination provision applicable to state banks. Thus, under the bill, the division may accept any examination that may have been made of a savings and loan within a reasonable period by the Federal Deposit Insurance Corporation, the federal Office of Thrift Supervision, any other federal agency that supervises and examines savings and loans, or any agency of another state with primary responsibility for supervising savings and loans chartered under the laws of that state. The bill deletes the requirement that any such examination must comply with the division's procedures. The bill also creates a substantially similar alternative examination procedure applicable to savings banks.</p>
FISCAL EFFECT	None.
SUPPORT	<p>The following person/people appeared in favor of this bill: (1) Senator Dale Schultz, Madison, (2) Daryll Lund, Community Bankers, Madison, (3) Mike Mach, WI Dept. of Financial Institutions, (4) Tim Elverman, Bank One Wisconsin, (5) Christopher Sosnay, WI Bankers Assn.</p> <p>No one registered in favor of this bill. No one registered their support for the bill with the State Ethics Board, who did not testify or register at the public hearing. No one registered an intention to lobby on SB381 who did not take a position on the bill.</p>
OPPOSITION	<p>No one appeared in opposition to this bill. No one registered in opposition to this bill. No one registered opposition for the bill with the State Ethics Board.</p>
CONTACT	John O'Brien, Committee Clerk, Sen. Ag, Fin. Inst. & Insurance
DATE	01-21-2004



Representing Wisconsin's
Genuine Community Banks

**Public Hearing of the
Senate Committee on Agriculture, Financial Institutions and Insurance
And the Assembly Committee on Financial Institutions
SB-381 and AB-739 Savings Institutions Exams**

**Testimony of Daryll Lund, President & CEO
Community Bankers of Wisconsin**

Honorable members my name is Daryll Lund, President & CEO of the Community Bankers of Wisconsin (CBW). CBW is a statewide trade association representing the interests of approximately 220 community based financial institutions.

I appear before you today to testify in support of SB-381 and AB-739. The CBW strongly supports passage of these companion bills regarding the regulatory examinations of state chartered savings banks and state chartered savings and loan associations.

Chapters 214 and 215 of the Wisconsin Statutes currently mandate that the Wisconsin Department of Financial Institutions ("DFI") examine state savings banks and savings and loan associations at least once within every 18-month period. While similar provisions exist in Wisconsin law for state commercial banks, an additional section also permits DFI to accept any recent examinations of state commercial banks performed by federal regulators in lieu of conducting its own examination. Currently, no similar provision exists in Chapter 214 for state savings banks. Further, while a slightly comparable provision exists in Chapter 215 for state savings and loan associations, it is vague and not as direct as the language that addresses state commercial banks.

The CBW is supporting SB-381 and AB-739, which will allow for the coordination of state savings bank and state savings and loan association examination efforts between federal and state regulators. This legislation would mirror the law in Wisconsin that is currently applicable to state commercial banks under Chapter 220 by adopting a comparable provision in Chapters 214 and 215.

The intent of the legislation is to provide DFI with the discretion to rely on examinations already performed by any of the various federal regulators in lieu of conducting its own periodic examinations it would otherwise be required by law to perform. CBW believes these changes will reduce the cost and inconvenience associated with duplicate state and federal examinations and will provide benefits to DFI at a time of agency budgetary constraints.

Additionally, this authority for Wisconsin regulators to rely on federal examinations, which has been present for some time with respect to Wisconsin's state commercial banks, has not been found to pose any safety or soundness problems for the industry.



State of Wisconsin
Department of Financial Institutions

Jim Doyle, Governor

Lorrie Keating Heinemann, Secretary

Testimony of
Michael Mach
Department of Financial Institutions
Senate Committee on Agriculture, Financial Institutions and Insurance
and Assembly Committee on Financial Institutions
SB 381/ AB 739
January 13, 2004

Chairman Schultz, Chairman Montgomery and members of the committees. Thank you for the opportunity to testify in favor of Senate Bill 381 and Assembly Bill 379. My name is Michael Mach and I am the administrator of the Division of Banking in the Department of Financial Institutions.

The Division of Banking regulates 232 commercial banks, 15 savings banks and 4 savings and loan associations.

The proposed bills will allow the division to accept examinations of savings banks that have been conducted by the federal banking regulatory agencies. Current law already allows the division to accept examinations conducted by the federal banking regulators for commercial banks and savings and loan associations.

The division formalized alternating examination agreements with its federal regulatory counterparts in 1993. The changes contained in the proposed bills will allow the division to fully implement those agreements, will enhance the efficiency of examination scheduling and will reduce regulatory burden for state-chartered savings banks.

Thank you for your attention. I would be happy to respond to any questions.

Division of Banking

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**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman
Committee Clerk, John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Dave Hansen
Room # 319 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Hansen,

On Tuesday January 13th, 2004 our committee held a public hearing on Senate Bill 381, relating to: regulatory examinations of savings banks and savings and loan associations.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on a motion of passage of Senate Bill 381.

Please return this ballot to our office by Tuesday January 20th, 2004.

Thank you.

Aye Nay

Dave Hansen

State Senator Dave Hansen

1.14.04
Date



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and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman
Committee Clerk. John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Dale Schultz
Room # 18 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Schultz,

On Tuesday January 13th, 2004 our committee held a public hearing on Senate Bill 381, relating to: regulatory examinations of savings bands and savings and loan associations.

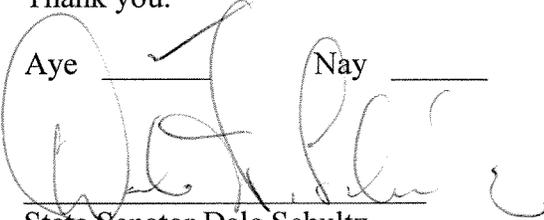
Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on a motion of passage of Senate Bill 381.

Please return this ballot to our office by Tuesday January 20th, 2004.

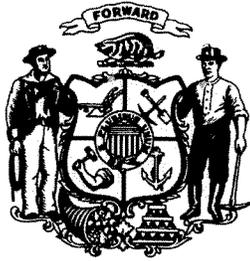
Thank you.

Aye _____

Nay _____


State Senator Dale Schultz

1/14/03
Date



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and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman
Committee Clerk, John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Neal Kedzie
Room # 313 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Kedzie,

On Tuesday January 13th, 2004 our committee held a public hearing on Senate Bill 381, relating to: regulatory examinations of savings banks and savings and loan associations.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on a motion of passage of Senate Bill 381.

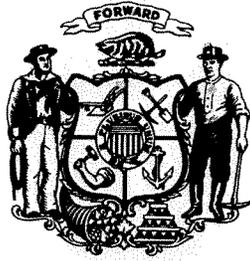
Please return this ballot to our office by Tuesday January 20th, 2004.

Thank you.

Aye *X* Nay

 Neal P. Kedzie
State Senator Neal Kedzie

 1/14/04
Date



**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman
Committee Clerk. John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Ron Brown
Room # 104 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Brown,

On Tuesday January 13th, 2004 our committee held a public hearing on Senate Bill 381, relating to: regulatory examinations of savings banks and savings and loan associations.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on a motion of passage of Senate Bill 381.

Please return this ballot to our office by Tuesday January 20th, 2004.

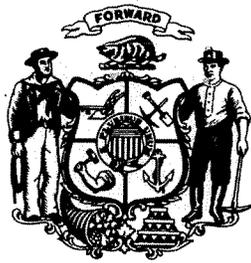
Thank you.

Aye X Nay



State Senator Ron Brown

 1/14/04
Date



**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman
Committee Clerk. John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Julie Lassa
Room 3 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Lassa,

On Tuesday January 13th, 2004 our committee held a public hearing on Senate Bill 381, relating to: regulatory examinations of savings banks and savings and loan associations.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on a motion of passage of Senate Bill 381.

Please return this ballot to our office by Tuesday January 20th, 2004.

Thank you.

Aye *Y* Nay

Julie Lassa
State Senator Julie Lassa

 1/20/04
Date