

MINUTES
HOUSE BUSINESS COMMITTEE

DATE: Thursday, February 19, 2015

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Barbieri, Vice Chairman Clow, Representatives Collins, Crane, Palmer, Thompson, Batt, Hixon, Kauffman, Monks, Anderst, Beyeler, DeMordaunt, Dixon, Troy, Smith, Rusche, Jordan

**ABSENT/
EXCUSED:** None

GUESTS: Gavin Gee, Idaho Department of Finance; Mike Brassey, Uniform Law Commissioner; Mary Hughes, Idaho Department of Finance; Bradley Bergquist, Idaho Department of Finance; Joseph Jones, Idaho Department of Finance/AG; Trent Wright, Idaho Bankers Association; Dawn Justice, Idaho Bankers Association

Chairman Barbieri called the meeting to order at 1:32 PM.

MOTION: **Rep. Beyeler** made a motion to approve the minutes of February 9, 2015. **Motion carried by voice vote.**

MOTION: **Rep. Beyeler** made a motion to approve the minutes of February 11, 2015. **Motion carried by voice vote.**

Chairman Barbieri recognized House Page **Phaeren Roby** for her commendable work for the committee.

UNANIMOUS CONSENT REQUEST: **Chairman Barbieri** made a unanimous consent request to hold **Docket No. 10-0103-1401** at the call of the chair. There being no objection, the request was granted.

H 92: **Mike Brassey**, Uniform Law Commissioner, presented to the committee **H 92**. He said the legislation creates a Uniform Law with the same policies the state has had since territorial time. Specifically, it puts limits on the ability of the debtor to hide assets from creditors. This legislation includes a series of technical changes. It brings the definitions in statute up to current standards in Uniform Law. It creates a choice of law provision to identify which state's law will be applied in a court action where assets have been transferred across multiple states. It makes changes, so in order to void a transaction, the burden of proof is by a preponderance of the evidence. It clarifies defenses, like good faith and value, and deletes insolvency of partnerships. This legislation will also change the name of the law and provide for electronic communications.

MOTION: **Rep. Clow** made a motion to send **H 92** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Clow** will sponsor the bill on the floor.

H 99: **Gavin Gee**, Director of the Department of Finance, presented to the committee **H 99** which contains amendments to the Idaho Bank Act. He said, in order to protect the \$11.5 trillion in U.S. depositor's money, the banking industry is one of the most heavily regulated industries in the United States . In Idaho, that protection includes approximately \$21 billion in bank deposits. The theme of bank regulation is focused on safe and sound banks. Since 2008, the banking industry has been under significant stress resulting in nearly 500 bank failures nationally, and two in Idaho. During this period, bank regulators worked to rescue more than half of the troubled community banks in Idaho. Today, no Idaho-based banks are under formal regulatory enforcement actions.

Mr. Gee said this country has a unique regulatory structure where banks can choose to operate with a state or federal charter. State bank regulators must compete for charters with the much-larger, better-funded, and more-powerful federal chartering agencies. Therefore, they must be reasonable in regulatory approach and actions taken because a healthy bank can change charters and leave the state system.

Mr. Gee said this bill provides regulatory burden relief for community banks at the state level which will result in cost savings. It will also comply with national accreditation program standards for state banking departments. To comply with accreditation requirements, the state banking department must update their state law to conform with federal requirements, federal changes, and enforcement authority to match other high national standards. All the additional regulatory authority, due to accreditation standards, granted to the state banking department in this bill already exists at the federal level and in most other states.

Mary Hughes, Financial Institutions Bureau Chief from the Department of Finance, reviewed the bill section-by-section. In response to questions, she said the difference between the state charter and federal charters are who issues the charters and who regulates them. There are advantages to both. She said much of the authority given in this legislation already exists; they are trying to consolidate and comply with federal law. The Administrative Procedures Act provides a redress avenue for aggrieved parties.

Concern was expressed by members of the committee regarding the lack of a dollar cap on fees levied. Further concern was expressed over verbiage in the bill whether there was contradictory language regarding the ability to solicit loans.

MOTION: **Rep. Clow** made a motion to send **H 99** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Batt** made a substitute motion to **HOLD H 99** in the committee to at the call of the chair. **Motion carried by voice vote. Reps. Beyeler, Smith, Rusche, Kauffman, and Jordan** requested to be recorded as voting **NAY**.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 2:45 PM.

Representative Barbieri
Chair

Francoise Cleveland
Secretary