

1 *Senate* JOINT RESOLUTION NO. 8
 2 INTRODUCED BY *Bob Brown*
 3 *Bill*

4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
 5 REPRESENTATIVES OF THE STATE OF MONTANA URGING THE CONGRESS
 6 OF THE UNITED STATES TO BROADEN THE BASE OF BANK DEPOSITS
 7 ASSESSED FOR FEDERAL DEPOSIT INSURANCE PREMIUMS.

8
 9 WHEREAS, the United States Congress has, in the
 10 Financial Institutions Reform, Recovery, and Enforcement Act
 11 of 1989, increased the Federal Deposit Insurance Corporation
 12 (FDIC) premium from 0.08% to 0.195% of insured deposits and
 13 has authorized a further premium increase to 0.23%; and

14 WHEREAS, the FDIC has extended the benefits of deposit
 15 insurance to deposits in overseas branches of the larger
 16 American banks that have overseas branches, although those
 17 banks pay no premiums on foreign deposits; and

18 WHEREAS, the largest United States banks operate foreign
 19 branches and accept uninsured deposits of various types to
 20 an extent that they pay FDIC premiums on approximately 40%
 21 of the funds their customers entrust to them, although their
 22 customers are assured that all funds in those large banks
 23 are protected by the FDIC; and

24 WHEREAS, the reason the umbrella of federal deposit
 25 insurance is extended to those funds is that the federal

1 government bank regulators have decided that certain banks
 2 are too big to be allowed to fail; and

3 WHEREAS, the largest United States banks operate foreign
 4 branches and accept nondeposit liabilities to such an extent
 5 that less than 40% of the funds their customers entrust to
 6 them are assessed FDIC premiums, while 100% of those funds
 7 enjoy the benefit of insurance coverage from the FDIC; and

8 WHEREAS, community banks, which do not operate foreign
 9 branches have nearly 90% of the funds their customers
 10 entrust to them assessed for FDIC premiums; and

11 WHEREAS, the result is that community banks pay for
 12 deposit insurance at twice the effective rate paid by large
 13 international banks, which is unfair and discriminatory and
 14 causes community banks to subsidize the national "too big to
 15 fail" policy.

16
 17 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE
 18 OF REPRESENTATIVES OF THE STATE OF MONTANA:

19 (1) That Congress be urged to amend the Federal Deposit
 20 Insurance Act to extend the assessment for FDIC premiums to
 21 deposits held in foreign branches of American banks.

22 (2) That the Secretary of State forward copies of this
 23 resolution, under the great seal of the State of Montana, to
 24 the United States Senate and the United States House of
 25 Representatives and to each member of the Montana



-2- INTRODUCED BILL
 STR 8

LC 0847/01

1 Congressional Delegation.

-End-

APPROVED BY COMM. ON BUSINESS & INDUSTRY

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Senate JOINT RESOLUTION NO. 8

INTRODUCED BY *Bob Brown* *Sen. Bill Brown* *Sen. Steve Anderson*
Sen. Dan Claitor *Sen. Don Bergeson*

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA URGING THE CONGRESS OF THE UNITED STATES TO BROADEN THE BASE OF BANK DEPOSITS ASSESSED FOR FEDERAL DEPOSIT INSURANCE PREMIUMS.

WHEREAS, the United States Congress has, in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, increased the Federal Deposit Insurance Corporation (FDIC) premium from 0.08% to 0.195% of insured deposits and has authorized a further premium increase to 0.23%; and

WHEREAS, the FDIC has extended the benefits of deposit insurance to deposits in overseas branches of the larger American banks that have overseas branches, although those banks pay no premiums on foreign deposits; and

WHEREAS, the largest United States banks operate foreign branches and accept uninsured deposits of various types to an extent that they pay FDIC premiums on approximately 40% of the funds their customers entrust to them, although their customers are assured that all funds in those large banks are protected by the FDIC; and

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NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

(1) That Congress be urged to amend the Federal Deposit Insurance Act to extend the assessment for FDIC premiums to deposits held in foreign branches of American banks.

(2) That the Secretary of State forward copies of this resolution, under the great seal of the State of Montana, to the United States Senate and the United States House of Representatives and to each member of the Montana



LC 0847/01

1 Congressional Delegation.

-End-

1 *Senate* JOINT RESOLUTION NO. 8
 2 INTRODUCED BY *Bob Brown*
 3 *in amendment*

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LC 0847/01

1 Congressional Delegation.

-End-

1 SENATE JOINT RESOLUTION NO. 8.

2 INTRODUCED BY B. BROWN, WALLIN, SVRCEK,
3 HANSEN, DEVLIN, PINSONEAULT

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REFERENCE BILL

SJR 8

SJR 0008/02

- 1 Representatives and to each member of the Montana
- 2 Congressional Delegation.

-End-