SENATE JOINT RESOLUTION NO. 8

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

	IN THE SENATE
JANUARY 18, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
	FIRST READING.
JANUARY 31, 1991	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 1, 1991	PRINTING REPORT.
FEBRUARY 2, 1991	SECOND READING, DO PASS.
FEBRUARY 4, 1991	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 49; NOES, 0.
	TRANSMITTED TO HOUSE.
	IN THE HOUSE
FEBRUARY 4, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
FEBRUARY 5, 1991	FIRST READING.
FEBRUARY 8, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
FEBRUARY 9, 1991	SECOND READING, CONCURRED IN.
FEBRUARY 11, 1991	THIRD READING, CONCURRED IN. AYES, 100; NOES, 0.
	RETURNED TO SENATE.
	IN THE SENATE
FEBRUARY 11, 1991	* RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1	Senete Joint resolution no. 8.
2	LYTRODUCED BY Bol Brown Swill Maround Steel fand form
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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

government bank regulators have decided that certain banks 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 that less than 40% of the funds their customers entrust to 5 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

Representatives and to each

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member of the Montana

resolution, under the great seal of the State of Montana, to

the United States Senate and the United States House of

1 Congressional Delegation.

-End-

APPROVED BY COMM. ON BUSINESS & INDUSTRY

INTRODUCED BY Bol Brown Swill Bours Steady Land

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

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

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

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

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

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

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

Montana Legislative Council

1 Congressional Delegation.

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4	A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
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7	ASSESSED FOR FEDERAL DEPOSIT INSURANCE PREMIUMS.
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8	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
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24	WHEREAS, the reason the umbrella of federal deposit

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18	OF REPRESENTATIVES OF THE STATE OF MONTANA:
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Representatives

THIRD READING

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each member of the Montana

(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

1 Congressional Delegation.

+End-

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2	INTRODUCED BY B. BROWN, WALLIN, SVRCEK,
3	HANSEN, DEVLIN, PINSONEAULT
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5	A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
6	REPRESENTATIVES OF THE STATE OF MONTANA URGING THE CONGRESS
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SENATE JOINT RESOLUTION NO. 8.

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22	deposits held in foreign branches of American banks.
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24	resolution, under the great seal of the State of Montana, to

the United States Senate and the United States House of

REFERENCE BILL

SJR 0008/02

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

-End-