

MARCH 30, 1987

THIRD READING, CONCURRED IN.
AYES, 45; NOES, 5.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 7, 1987

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 8, 1987

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 HB BILL NO. 179
2 INTRODUCED BY James C. Smith

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING ACQUISITION
5 OF INSURED BANKS BY COMPANIES THAT DO NOT ACCEPT DEMAND
6 DEPOSITS AND MAKE COMMERCIAL LOANS."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Prohibition of acquisition. Notwithstanding
10 any other provision of law, a bank holding company or any
11 other company that does not both accept demand deposits and
12 engage in the business of commercial loans may not acquire
13 or control an institution in this state that is an "insured
14 bank" as defined in section 3(h) of the Federal Deposit
15 Insurance Act (12 U.S.C. 1813(h)) or any institution
16 eligible to become an insured bank as defined therein.

17 Section 2. Extension of authority. Any existing
18 authority of the department of commerce or the state banking
19 board to make rules on the subject of the provisions of this
20 act is extended to the provisions of this act.

21 Section 3. Codification instruction. Section 1 is
22 intended to be codified as an integral part of Title 32,
23 chapter 1, part 3, and the provisions of Title 32, chapter
24 1, part 3, apply to section 1.

-End-

INTRODUCED BILL
HB-179



APPROVED BY COMM. ON
BUSINESS AND LABOR

1 HOUSE BILL NO. 179
2 INTRODUCED BY JONES, C. SMITH
3

1 chapter 1, part 3, and the provisions of Title 32, chapter
2 1, part 3, apply to section 1.

-End-

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING ACQUISITION
5 OF INSURED BANKS BY ~~COMPANIES~~ THAT DO NOT ACCEPT DEMAND
6 DEPOSITS AND MAKE COMMERCIAL LOANS BY BANK HOLDING COMPANIES
7 OR OTHER COMPANIES."
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Prohibition of acquisition. Notwithstanding
11 any other provision of law, a bank holding company or any
12 other company ~~that does not both accept demand deposits--and~~
13 ~~engage--in--the-business-of-commercial-loans~~ may not acquire
14 or control an institution in this state that is an "insured
15 bank" as defined in section 3(h) of the Federal Deposit
16 Insurance Act (12 U.S.C. 1813(h)) or any institution
17 eligible to become an insured bank as defined therein IF THE
18 INSTITUTION DOES NOT BOTH ACCEPT DEMAND DEPOSITS AND ENGAGE
19 IN THE BUSINESS OF MAKING COMMERCIAL LOANS.

20 Section 2. Extension of authority. Any existing
21 authority of the department of commerce or the state banking
22 board to make rules on the subject of the provisions of this
23 act is extended to the provisions of this act.

24 Section 3. Codification instruction. Section 1 is
25 intended to be codified as an integral part of Title 32,



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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING ACQUISITION
5 OF INSURED BANKS BY COMPANIES THAT DO NOT ACCEPT DEMAND
6 DEPOSITS AND MAKE COMMERCIAL LOANS BY BANK HOLDING COMPANIES
7 OR OTHER COMPANIES."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Prohibition of acquisition. Notwithstanding
11 any other provision of law, a bank holding company or any
12 other company ~~that does not both accept demand deposits and~~
13 ~~engage in the business of commercial loans~~ may not acquire
14 or control an institution in this state that is an "insured
15 bank" as defined in section 3(h) of the Federal Deposit
16 Insurance Act (12 U.S.C. 1813(h)) or any institution
17 eligible to become an insured bank as defined therein IF THE
18 INSTITUTION DOES NOT BOTH ACCEPT DEMAND DEPOSITS AND ENGAGE
19 IN THE BUSINESS OF MAKING COMMERCIAL LOANS.

20 Section 2. Extension of authority. Any existing
21 authority of the department of commerce or the state banking
22 board to make rules on the subject of the provisions of this
23 act is extended to the provisions of this act.

24 Section 3. Codification instruction. Section 1 is
25 intended to be codified as an integral part of Title 32,

1 chapter 1, part 3, and the provisions of Title 32, chapter
2 1, part 3, apply to section 1.

-End-



1 HOUSE BILL NO. 179

2 INTRODUCED BY JONES, C. SMITH

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING ACQUISITION
5 OF INSURED BANKS BY COMPANIES THAT DO NOT ACCEPT DEMAND
6 DEPOSITS AND MAKE COMMERCIAL LOANS BY BANK HOLDING COMPANIES
7 OR OTHER COMPANIES; AND PROVIDING AN EXCEPTION."

8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Prohibition of acquisition -- EXCEPTION.

11 (1) Notwithstanding any other provision of law, a bank
12 holding company or any other company ~~that does not both~~
13 ~~accept demand deposits and engage in the business of~~
14 ~~commercial loans~~ may not acquire or control an institution
15 in this state that is an "insured bank" as defined in
16 section 3(h) of the Federal Deposit Insurance Act (12 U.S.C.
17 1813(h)) or any institution eligible to become an insured
18 bank as defined therein IF THE INSTITUTION DOES NOT BOTH
19 ACCEPT DEMAND DEPOSITS AND ENGAGE IN THE BUSINESS OF MAKING
20 COMMERCIAL LOANS.

21 (2) NOTHING IN THIS SECTION PROHIBITS THE CONTINUED
22 CONTROL OF A FINANCIAL INSTITUTION ELIGIBLE FOR INSURANCE
23 UNDER THE FEDERAL DEPOSIT INSURANCE ACT BY A COMPANY THAT
24 ACQUIRED THE FINANCIAL INSTITUTION PRIOR TO MARCH 1, 1987.

25 Section 2. Extension of authority. Any existing

1 authority of the department of commerce or the state banking
2 board to make rules on the subject of the provisions of this
3 act is extended to the provisions of this act.

4 Section 3. Codification instruction. Section 1 is
5 intended to be codified as an integral part of Title 32,
6 chapter 1, part 3, and the provisions of Title 32, chapter
7 1, part 3, apply to section 1.

-End-

STANDING COMMITTEE REPORT

SENATE

MARCH 26, 1987

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 179

THIRD reading copy (BLUE color)

JONES (WALKER)

PROHIBITING ACQUISITION OF INSURED BANKS BY CERTAIN COMPANIES

Respectfully report as follows: That HOUSE BILL No. 179 be amended as follows:

- 1. Title, line 7. Following: "COMPANIES" Insert: "; PROVIDING AN EXCEPTION"
2. Page 1, line 10. Following: "acquisition" Insert: "-- exception" Before: "Notwithstanding" Insert: "(1)"
3. Page 1, following line 19. Insert: "(2) Nothing in this section prohibits the continued control of a financial institution eligible for insurance under the Federal Deposit Insurance Act by a company that acquired the financial institution prior to March 1, 1987."

7085d\c:Jeanne\wp:eg

AND AS AMENDED, BE CONCURRED IN

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XXXXXXXXXX

Handwritten signature of Allen C. Kolstad

SENATOR ALLEN C. KOLSTAD, Chairman

Handwritten notes: 3-26-87