

SUBJECT: Abolishing the State Banking Board

COMMITTEE: Financial Institutions — committee substitute recommended

VOTE: 5 ayes — Marchant, Carona, Elkins, Grusendorf, Hudson
0 nays
4 absent — Giddings, Gutierrez, Patterson, Romo

WITNESSES: For — Karen Neeley, Texas Independent Bankers Association
Against — None
On — Catherine A. Ghiglieri, Texas Banking Department

BACKGROUND: The State Banking Board, consisting of the banking commissioner, the state treasurer and a governor's appointee, is primarily responsible for chartering state banks and trust companies and converting federal bank charters to state charters. The banking board has no separate staff and relies on staff of the State Department of Banking in the Finance Commission.

DIGEST: CSHB 155 would abolish the State Banking Board and transfer the duties of the board to the banking commissioner on September 1, 1995. Persons would be able to appeal decisions of the banking commissioner regarding granting of state banking charters or trust companies to district court in Travis County.

CSHB 155 would not take effect if the complete revision of the Texas Banking Code (HB 1543 or SB 765) is enacted by the 74th Legislature.

SUPPORTERS SAY: This bill would eliminate the State Banking Board and peel off an unnecessary layer of bureaucracy, as recommended by the Texas Performance Review in its *Against the Grain* report in 1993. The banking board has chartered two state banks in the last four years. If the State Treasurer's Office is abolished, as has been proposed to the 74th Legislature and recommended by the state treasurer, then one-third of the banking board, already dominated by the banking commissioner, would

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vanish. The banking commissioner's decisions on chartering banks could be appealed to the Travis County district court, providing an avenue for independent review.

OPPONENTS
SAY:

No apparent opposition

NOTES:

HB 1543 by Marchant, and its companion, SB 765 by Montford, would revise the Texas Banking Code, abolish the State Banking Board and transfer the board's duties to the banking commissioner. Banking commissioners' decisions would be appealed to the Finance Commission, and the Finance Commission's decisions would be appealed to the district court in Travis County.