



Jim Hughes

State Representative, 24th House District

House Bill 35
House Financial Institutions, Housing and Urban Development Committee
Sponsor Testimony
February 2017

Chairman Dever and members of the House Financial Institutions, Housing and Urban Development Committee. Thank you for allowing us to present sponsor testimony on House Bill 35, legislation that if enacted would enact a new banking law for the state of Ohio.

Large parts of the current Ohio banking code are antiquated and have not been updated since the 1980s. Senate Bill 317 seeks to update the statute that needs to be modernized to promote and enhance safe and sound operations by FDIC insured depository institutions and provide a secure banking environment for Ohio consumers. The last comprehensive update of the commercial bank statute was performed in 1995 and the code governing the state's thrifts occurred in the 1980s.

This legislation, if enacted into law, would increase regulatory robustness within the state banking regulator, the Ohio Division of Financial Institutions, by condensing three chapters of the ORC into one and creating a new "universal" charter that combines the strongest characteristics of the existing charters. This, combined with streamlined governing boards, would also decrease overhead costs of examinations and training.

Currently three separate statutes independently govern commercial banks, savings and loan associations and savings banks. This causes unnecessary redundancy in some instances and a potential cause for conflict as bank and thrift business models have evolved.

Other important and much needed updates address current-day advancements in areas such as electronic banking, which are not recognized by the current statute.

Committees:

Civil Justice, Vice-Chair
Transportation and Public Safety
Financial Institutions

www.ohiohouse.gov
77 S. High Street, Columbus, Ohio 43215-6111

Contact Information:

Office: 614-466-8012
FAX: 614-719-0007
Email: Rep24@ohiohouse.gov

Key Changes Include:

- ▶ Acknowledges electronic banking;
- ▶ References provisions of the General Corporation Law (R.C. Chapter 1701.) that are applicable to the operation of banks;
- ▶ Requires the Superintendent of Financial Institutions' *pre*-approval of amendments to a bank's articles of incorporation or amended articles of incorporation;
- ▶ Expands what is deemed privileged and confidential to include information obtained as a result of the *supervision* of a bank;
- ▶ Provides for a capital restoration plan in the event a bank is undercapitalized;
- ▶ Eliminates the law governing Societies for Savings (R.C. Chapter 1133);
- ▶ The new Banking Law is scheduled to take effect July 1, 2018.

If all of this sounds familiar to you, House bill 35 is nearly identical to Substitute Senate Bill 317 that I sponsored with Senator Coley in the 131st General Assembly. Substitute Senate Bill 317 received unanimous, bipartisan support during its legislative journey in the Ohio Senate as it was reported from the Senate Finance committee 13-0, receiving no opposition testimony during the committee hearings, and 32-0 by the full Ohio Senate.

Mr. Chairman and members of the committee, thank you for the opportunity to present to you sponsor testimony on House Bill 35. We are happy to try and answer any questions that the committee might have.