

## **HB 2971 A    STAFF MEASURE SUMMARY**

### **Senate Committee On Labor and Business**

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**Meeting Dates:** 4/24

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#### **WHAT THE MEASURE DOES:**

The measure redefines "net worth" for purposes of laws related to depositories of public funds and securities. It modifies the allowable investments for certain financial institutions, including removing the 20 percent of stockholders' equity restriction on investments in obligations from other states or public bodies in the United States.

**REVENUE:** No revenue impact

**FISCAL:** Has minimal fiscal impact

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

The community bank leverage ratio framework is an optional framework that is designed to reduce burden by removing the requirements for calculating and reporting risk-based capital ratios for qualifying community banking organizations that opt into the framework. Depository institutions and depository institution holding companies that have less than \$10 billion in total consolidated assets and that meet other qualifying criteria, including a tier 1 leverage ratio of greater than 9 percent, are considered qualifying community banking organizations and are eligible to opt into the community bank leverage ratio framework.

Qualifying community banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than 9 percent are considered to have satisfied the risk-based and leverage capital requirements in the generally applicable capital rule. Additionally, such insured depository institutions are considered to have met the well-capitalized ratio requirements.

House Bill 2971 A modifies the allowable investments for certain financial institutions, including removing the 20 percent of stockholders' equity restriction on investments in obligations from other states or public bodies in the United States and redefines "net worth" for purposes of laws related to depositories of public funds and securities.