

HB 2971 A STAFF MEASURE SUMMARY
House Committee On Commerce and Consumer Protection

Carrier: Rep. Gomberg

Action Date: 04/03/25

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 9-0-1-0

Yeas: 9 - Chaichi, Chotzen, Gomberg, Neron, Osborne, Reschke, Sosa, Wallan, Walters

Exc: 1 - Cate

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 3/27, 4/3

WHAT THE MEASURE DOES:

The measure defines "net worth" for a qualified depository depending on whether or not that depository elects to use the community bank leverage ratio framework or is a credit union. It modifies the allowable investments for certain financial institutions, including removing the 20 percent restriction on investments in bonds or other obligations from other states or public bodies in the United States.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF AMENDMENT:

The amendment changes the definition of "net worth" to mean, for a qualified depository that is a bank that does not have a community bank leverage ratio framework, total capital as shown on the immediately preceding report of condition and income, or, for a qualified depository that is a bank that has a community bank leverage ratio framework, tier 1 income as shown on the immediately preceding report of condition and income, or, for a qualified depository that is a credit union, total net worth as shown on the immediately preceding report of condition and income.

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.