

**MINUTES OF THE HOUSE
BUSINESS AND LABOR
STANDING COMMITTEE**

Room 403 State Capitol

February 3, 2003

Members Present: Rep. Katherine M. Bryson, Chair
Rep. Brent D. Parker, Vice Chair
Rep. J. Stuart Adams
Rep. Jackie Biskupski
Rep. Craig W. Buttars
Rep. David Clark
Rep. Stephen D. Clark
Rep. Carl W. Duckworth
Rep. Jim Dunnigan
Rep. Ben C. Ferry
Rep. Neil A Hansen
Rep. Todd E. Kiser
Rep. Mike Morley

Staff Present: Ms. Mary Catherine Perry, Policy Analyst
Ms. Linda Error, Committee Secretary

Visitors: List of visitors filed with committee minutes

Rep. Bryson called the meeting to order at 8:08 a.m.

MOTION: Rep. Biskupski moved to approve the minutes of the January 29, 2003 meeting. The motion passed unanimously, with Rep. S. Clark, Rep. Ferry, and Rep. Morley absent for the vote.

MOTION: Rep D. Clark moved to delete in title and body **H.B. 162** and replace it with **1st Sub. H.B. 162**. The motion passed unanimously, with Rep. S. Clark, Rep. Ferry, and Rep. Morley absent for the vote.

MOTION: Rep. Buttars moved to amend the bill as follows:

1. Page 8, Line 217: Delete "(4)(a)(i)" and insert "(4)(b)(i)"
2. Page 31, Line 947: Delete "commission" and insert "commissioner"
3. Page 32, Lines 974-975: Delete lines 974-975 and insert:
"(2)(a) Notwithstanding Subsection (1), a credit union is subject to the more restrictive of the following in extending a member-business loan:"

4. Page 32, Line 979: Delete "and" and insert "or"
5. Page 32, Lines 980-984: Delete lines 980-984 and insert:
"(ii) any requirement or limitation imposed by the National Credit Union Administration or successor federal deposit insurance agency on a state-chartered credit union insured by the National Credit Union Administration or successor federal deposit insurance agency.
(b) The commissioner shall make rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, that apply the requirements or limitations described in Subsection (2)(a) to member-business loans extended by a credit union that has filed a notice of election to pay a competitive equity assessment."
6. Page 39, Line 1190: After "in accordance" insert "with"

The motion passed unanimously, with Rep. S. Clark, Rep. Ferry, and Rep. Morley absent for the vote.

Rep. Alexander explained the bill.

Spoke for the bill: Scott Anderson, President, Zions Bank
Howard Headlee, President, Utah Bankers Association

Spoke against the bill: Scott Earl, President, Utah League of Credit Unions
David Crapo, tax attorney, Wood & Crapo
Bruce Richards, attorney, Utah League of Credit Unions

Spoke to the bill: Edward Leary, Commissioner, Department of Financial Institutions

MOTION: Rep. Biskupski moved to amend the bill as follows:

1. Page 1, Line 16: After "**assessment.**" insert "**This act provides for certain banks to pay a capital competitive equity assessment.**"
2. Page 2, Line 41: After line 41 insert:
"**7-3-42**, Utah Code Annotated 1953"
3. Page 2, Line 52: After "provided in" insert "or Section 7-3-42"
4. Page 5, Line 5: After line 121 insert:
"Section 3. Section **7-3-42** is enacted to read:

(1) A bank shall pay a capital competitive equity assessment of 30% of all amounts received by the bank:

(a) in the sale or distribution of any:

(i) common stock;

(ii) preferred stock;

(iii) debentures;

(iv) other securities; or

(v) other forms of capital;

(b) through:

(i) stock investment plans;

(ii) dividend reinvestment plans;

(iii) employee stock option plans;

(iv) other stock option plans; or

(v) any other method or means of obtaining capital; and

(c) through merger with:

(i) any bank;

(ii) other depository institution;

(iii) corporation;

(iv) limited liability company;

(v) general or limited partnership; or

(vi) other domestic or foreign entity.

(2) The capital competitive equity assessment shall be paid:

(a) to the commissioner;

(b) for all capital raised during the prior fiscal year 90 days after the day of the fiscal year.

(3) Amounts collected under this section shall be deposited into the Uniform School Fund.

(4) A bank that fails to pay the capital competitive equity assessment is subject to Subsection 7-1-402(6)."

Renumber the remaining sections accordingly.

MOTION: Rep. Dunnigan moved previous question. The motion to cut off debate passed unanimously.

The motion to amend failed, with Rep. Biskupski, Rep. Hansen, and Rep. Parker voting in favor.

MOTION: Rep. Parker moved to amend the bill as follows:

1. Page 1, Line 16: After "assessment." insert "**This act provides for certain banks to pay a competitive equity assessment.**"

2. Page 2, Line 41: After line 41 insert:
"7-3-42, Utah Code Annotated 1953"
3. Page 2, Line 52: After "provided in" insert "Section 7-3-42 or"
4. Page 5, Line 5: After line 121 insert:
"Section 3. Section **7-3-42** is enacted to read:
(1) For purposes of this section, "competitive equity assessment" means an amount calculated for each fiscal year by:
(a)(i) multiplying by 30% the net income of a bank, other than a bank taxed as an S corporation for federal income tax purposes, for a fiscal year reported on the bank's report of condition required by Section 7-1-317; and
(ii) subtracting from the amount calculated under Subsection (1)(a) any federal income taxes paid by a bank for the fiscal year; or
(b) multiplying by 35% the net income of a bank taxed as an S corporation for federal income tax purposes for a fiscal year reported on the bank's report of condition required by Section 7-1-317.
(2) A bank having assets in excess of \$100,000,000 shall pay the competitive equity assessment:
(a) to the commissioner;
(b) for each fiscal year beginning May 5, 2003; and
(c) by no later than March 31 following the fiscal year for which the competitive equity assessment is paid.
(3) Amounts collected under this section shall be deposited into the Uniform School Fund.
(4) A bank that fails to pay the competitive equity assessment is subject to Subsection 7-1-402(6)."
Renumber remaining subsections accordingly.

The motion failed, with Rep. Biskupski, Rep. Duckworth, Rep. Hansen, and Rep. Parker voting in favor.

MOTION: Rep. Morley moved to adjourn the meeting. The motion passed unanimously.

Chair Bryson adjourned the meeting at 9:56 a.m.

Rep. Katherine Bryson, Chair