

Alaska State Legislature

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REPRESENTATIVE BART LEBON

Sponsor Statement

House Bill 257 – Financial Institutions; Liability

HB 257 modernizes and streamlines Alaska’s outdated banking laws to recognize industry changes and to bring regulatory parity between state-chartered and national banks. HB 257 provides Alaska’s state banking regulator tools to level the playing field and promote healthy competition among state and national banks.

Banks play a critical role in the Alaska and United States economies, channeling funds from savers to borrowers and thereby facilitating economic activity. The U.S. has what is referred to as a “dual banking system,” in which banks can choose to apply for a charter from a state banking authority or a federal charter from the Office of the Comptroller of the Currency (OCC), a bureau within the U.S. Department of the Treasury.

A bank’s choice of chartering authority is also a choice of primary regulator, as state regulatory agencies serve as the primary regulators of state-chartered banks, and the OCC serves as the primary regulator of national banks. Over time, due to increasingly broad powers granted to national banks by the OCC, state banks have experienced difficulty in remaining competitive with national banks.

I would appreciate your support in helping to keep Alaska's state-chartered financial institutions competitive by updating Alaska statutes to reflect modern best practices.