

Original sponsors: Jacko, Navarre,
and Donley

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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CS FOR HOUSE CONCURRENT RESOLUTION NO. 9 (L&C)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

Relating to Alliance Bank.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 WHEREAS the concentration of commercial banks in the state has been
8 affected during the past two years by the closing of six banks; and

9 WHEREAS the legislature wants to ensure that a viable and competitive
10 banking system exists throughout the state; and

11 WHEREAS at the beginning of 1987, the Federal Deposit Insurance Corpo-
12 ration determined that public policy considerations in the state required
13 the financial restructuring of what are now known as the Alliance Bancorpo-
14 ration and its wholly-owned subsidiary Alliance Bank; and

15 WHEREAS these public policy considerations are still present in the
16 banking market and have become more acute due to the subsequent closing of
17 other commercial banks in the state; and

18 WHEREAS Alliance Bank provides a unique service in the state because
19 it operates an extensive network of branches in the rural and southeast
20 parts of the state; in several locations served by Alliance Bank, there is
21 only one other bank, and the next closest competitor is hundreds of miles
22 away; and

23 WHEREAS there has been vocal community support in rural Alaska for
24 Alliance Bank, and there have been requests for Alliance Bank to service
25 additional rural communities; and

26 WHEREAS Alliance Bank, in conjunction with the Alaska Department of
27 Community and Regional Affairs, handles a majority of the outstanding loans
28 for rural borrowers of the state; and

29 WHEREAS Alliance Bank has been, and continues to be, a major provider

1 of mortgage servicing in the state and is servicing over \$1,500,000,000
2 worth of loans; the failure of Alliance Bank would severely disrupt the
3 servicing of these loans and would cause additional financial strain on
4 governmental agency loans, including loans from the state Department of
5 Community and Regional Affairs, the Alaska Housing Finance Corporation, the
6 public employees' retirement system (AS 39.35), and the teachers' retire-
7 ment system (AS 14.25); and

8 WHEREAS the failure of Alliance Bank would hinder the economic re-
9 covery of the state, and the closure of the bank would result in a loss of
10 jobs for the 460 employees of Alliance Bank and an annual loss of
11 \$20,000,000 in wages;

12 BE IT RESOLVED that the Alaska State Legislature encourages the Gover-
13 nor to support a stable and competitive banking environment in the state by
14 working closely with Alliance Bank and the Federal Deposit Insurance Corpo-
15 ration to ensure that every reasonable approach is taken to continue the
16 operation of the bank, consistent with prudent banking practices.

17 COPIES of this resolution shall be sent to the Honorable Willis
18 Kirkpatrick, the Director of the Division of Banking, Securities, and
19 Corporations of the Alaska Department of Commerce and Economic Development;
20 to the Honorable L. William Seldman, Chair of the Board of Directors of the
21 Federal Deposit Insurance Corporation; and to the Honorable Alan Greenspan,
22 Chair of the Board of Governors of the Federal Reserve Board; and to the
23 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
24 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
25 tion in Congress.