

Appendix A

CURRENT STATUS OF INTERSTATE BANKING

Currently, 37 states have enacted legislation providing for regional or national full-service interstate banking. (See Table A-1) Much of the expansion in geographic authority has occurred during 1986 as nine states adopted reciprocal legislation, while West Virginia, Oklahoma and Texas provided for nationwide banking. Texas is the ninth state to have adopted nationwide banking legislation. Twenty-eight states have passed regional banking legislation; nine of these regional laws have triggers authorizing nationwide banking by a certain date. Almost all of this expansion has taken place in the last four years with the exception of Maine's national legislation adopted in the mid-70s.

State actions represent a recognition of the new competitive environment challenging banks and the consequent need for banks to diversify and expand geographically. De facto interstate banking already exists to a large extent as banking organizations have used nonbank banks, nonbank subsidiaries, loan production offices, Edge Act subsidiaries, limited-service banks and industrial banks to establish an interstate presence. Another avenue of expansion for commercial banks had been the emergency acquisition provisions of the Garn-St Germain legislation; however, the provisions authorizing interstate acquisitions expired during 1986.

Continuing economic problems in the agricultural and energy sectors have also prompted several states to reduce interstate and intrastate barriers to limit the negative effects of bank failures. Oklahoma, New Mexico and Utah adopted emergency takeover provisions during 1986, bringing to eight the number of states permitting nationwide takeovers in emergency situations.

The Texas legislature adopted one of the nation's most liberal interstate banking laws. Banks from any state are permitted to acquire Texas banks as of January 1, 1987.

In California, recent legislation authorizes regional reciprocal banking with eleven western states: Alaska, Arizona, Colorado, Hawaii, Idaho, Nevada, New Mexico, Oregon, Texas, Utah and Washington. The California law triggers to nationwide reciprocal banking on January 1, 1991.

Several states are expected to consider interstate banking bills when the state legislatures reconvene in 1987. In Colorado, the proposed legislation is anticipated to take the form of a regional reciprocal law with the seven contiguous states. During 1986, the Vermont House and Senate passed different versions of regional banking legislation; however, a conference committee was unable to reconcile the bills. The regional legislation will be reconsidered in 1987. Iowa will also reconsider emergency takeover legislation, which was narrowly defeated during the 1986 session.