

FIRST REGULAR SESSION

# HOUSE BILL NO. 715

## 101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE ROWLAND.

1503H.011

DANA RADEMAN MILLER, Chief Clerk

### AN ACT

To amend chapter 326, RSMo, by adding thereto one new section relating to accounting practices.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 326, RSMo, is amended by adding thereto one new section, to be known as section 326.340, to read as follows:

**326.340. 1. As used in this section, the following terms mean:**

(1) "ALLL methodology", the methodology described by the Office of the Comptroller of the Currency Board of Governors of the Federal Reserve System in the Interagency Policy Statement on the Allowance for Loan and Lease Losses (O.C.C. Bulletin 2006-47, December 2006) and accompanying frequently asked questions and described by the Federal Deposit Insurance Corporation in Financial Institution Letter 105-2006;

(2) "Eligible institution", any bank or credit union:

(a) That is not publicly traded;

(b) That holds under ten billion dollars in assets; and

(c) Whose management:

a. Determines the ALLL methodology prudently accounts for the current expected credit losses for the life of the loan and promotes transparency and reliability of financial statements;

b. Implements the ALLL methodology for determining losses for individually evaluated loans; and

c. Documents current expected credit losses with consideration for portfolio losses due to changes in internal and external factors and historical loss data.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18           **2. An eligible institution may determine its current expected credit losses using the**  
19 **ALLL methodology.**

20           **3. The board shall faithfully execute the ALLL standard in rules of the board and**  
21 **in determining any complaint, investigation, or disciplinary action regarding:**

22           **(1) The duty of the board to protect the public interest;**

23           **(2) Matters involving both licensed and unlicensed persons professing competence**  
24 **in accountancy; or**

25           **(3) Matters involving persons seeking to influence the accounting practices of a**  
26 **bank or credit union doing business in this state.**

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