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FISCAL IMPACT REPORT

SPONSOR Soules ORIGINAL DATE 1/28/16
LAST UPDATED _____ HB _____
SHORT TITLE Separation of Commercial & Investment Banking SM 10
ANALYST Malone

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)
State Treasurer's Office (STO)

SUMMARY

Synopsis of Bill

Senate Memorial 10 urges the New Mexico congressional delegation in Washington, D.C. to support efforts to reinstate separation of commercial and investment banking functions in effect under the Banking Act of 1933, also known as the Glass-Steagall Act.

FISCAL IMPLICATIONS

No fiscal impact on the state.

SIGNIFICANT ISSUES

The Glass-Steagall Act, created in 1933 in response to widespread views that the Great Depression stemmed from the intertwining of commercial and investment banking activities, was repealed in 1999, making it possible for financial institutions to again take part in both these banking functions. In the wake of the most recent financial crisis, support for reinstating Glass-Steagall-like requirements has emerged.

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NMFA notes that should US banks return to a Glass-Steagall world in which commercial and investment banking functions are separated, NMFA would not be negatively impacted assuming that U.S. banks remain competitive, in terms of cost of funds, with banks from other countries that continue to offer both investment and commercial banking services.

CEM/jle