



House of Representatives

General Assembly

File No. 130

February Session, 2000

Substitute House Bill No. 5481

House of Representatives, March 20, 2000

The Committee on Banks reported through REP. LANDINO of the 35th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

An Act Concerning Bank Charges On Overdraft Costs For Bounced Checks.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 (NEW) A bank, as defined in section 36a-2 of the general statutes,
2 may not charge a fee against the account of a customer that is a
3 nonprofit organization exempt from taxation pursuant to Section
4 501(c) of the Internal Revenue Code of 1986, or any subsequent
5 corresponding internal revenue code of the United States, as from time
6 to time amended, solely because such customer deposited a check that
7 is dishonored by the payor bank.

BA Committee Vote: Yea 15 Nay 3 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: Department of Banking

Municipal Impact: None

Explanation

State Impact:

The Department of Banking will not have any fiscal impact as a result of this bill. The bill prohibits banks from charging a fee against the account of a nonprofit organization because such organization deposited a check that is dishonored by the payor bank.

OLR Bill Analysis

sHB 5481

AN ACT CONCERNING BANK CHARGES ON OVERDRAFT COSTS FOR BOUNCED CHECKS.

SUMMARY:

This bill prohibits Connecticut-chartered banks and federal banks that have their main offices in Connecticut from charging a fee (often known as a deposit return fee) against certain tax-exempt nonprofit organizations' accounts because they deposited a check that bounced.

EFFECTIVE DATE: October 1, 2000

BACKGROUND

501 (c) Organizations

Tax-exempt nonprofit organizations listed in Section 501(c) of the federal Internal Revenue Code include entities such as religious, charitable, scientific, public safety testing, literary, educational, and prevention of cruelty to children or animals organizations; labor, agricultural, and horticultural organizations; business leagues, chambers of commerce, real estate boards, and boards of trade; social clubs; fraternal beneficiary societies, voluntary employees' beneficiary associations, and local benevolent life insurance associations; mutual irrigation and telephone companies; cemetery companies and crematoria; credit unions; mutual insurance funds; certain mutual insurance companies or associations; corporations organized to finance crop operations; certain supplemental unemployment benefit trusts; certain funded pension trusts; war veterans' organizations; and black lung trusts.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 15 Nay 3