



Senate

General Assembly

File No. 75

February Session, 2006

Substitute Senate Bill No. 226

Senate, March 22, 2006

The Committee on Banks reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING BANK AND CREDIT UNION APPLICATIONS AND PUBLIC DEPOSITS.

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

1 Section 1. Subparagraph (K) of subdivision (1) of subsection (d) of
2 section 36a-65 of the 2006 supplement to the general statutes is
3 repealed and the following is substituted in lieu thereof (*Effective from*
4 *passage*):

5 (K) Acquiring, altering or improving real estate for present or future
6 use in the business of the bank or purchasing real estate adjoining any
7 parcel of real estate owned by the bank under subdivision (33) of
8 subsection (a) of section 36a-250, as amended by this act, five hundred
9 dollars, except that no fee shall be charged for such application if it is
10 filed in connection with an application to establish (i) a branch in this
11 state under subdivision (1) of subsection (b) [or (c)] of section 36a-145,
12 as amended, (ii) a limited branch in this state under subdivision (1) of
13 subsection (c) of section 36a-145, as amended, or (iii) a branch or
14 limited branch outside of this state under subsection (j) of section 36a-

15 145, as amended.

16 Sec. 2. Subsection (f) of section 36a-70 of the 2006 supplement to the
17 general statutes is repealed and the following is substituted in lieu
18 thereof (*Effective from passage*):

19 (f) The organizers shall cause to be published a copy of the
20 [proposed certificate of incorporation and the time and place set for the
21 hearing for seven consecutive days not less than twenty days prior to
22 the date of] order for hearing for three business days, such publication
23 to commence not later than twenty days prior to the hearing, in a
24 newspaper designated by the commissioner published in the town
25 where the main office of the Connecticut bank is to be located or, if
26 there is no newspaper published in such town, in a newspaper having
27 a circulation therein.

28 Sec. 3. Section 36a-80 of the general statutes is repealed and the
29 following is substituted in lieu thereof (*Effective from passage*):

30 Upon the adoption of the bylaws or of any [additions thereto or any
31 alteration,] amendment or repeal [thereof] of such bylaws or any
32 amendment to the certificate of incorporation by any Connecticut
33 bank, a copy of the bylaws, [additions, alteration,] amendment or
34 repeal of the bylaws or any amendment to the certificate of
35 incorporation shall [forthwith] promptly be filed with the
36 commissioner.

37 Sec. 4. Subsection (a) of section 36a-250 of the 2006 supplement to
38 the general statutes is repealed and the following is substituted in lieu
39 thereof (*Effective from passage*):

40 (a) Except as otherwise provided in subsection (b) of this section, a
41 Connecticut bank may:

42 (1) Transact a general banking business and exercise by its
43 governing board or duly authorized officers or agents, subject to
44 applicable law, all such incidental powers as are necessary thereto. The
45 express powers authorized for a Connecticut bank under subdivisions

46 (2) to (41), inclusive, of this subsection do not preclude the existence of
47 additional powers deemed to be incidental to the transaction of a
48 general banking business pursuant to this subdivision;

49 (2) (A) Receive deposits as authorized by and subject to the
50 provisions of sections 36a-290 to 36a-305, inclusive, section 36a-307,
51 sections 36a-315 to 36a-323, inclusive, and sections 36a-330 to 36a-338,
52 inclusive, including: (i) Savings deposits; (ii) time deposits; (iii)
53 demand deposits; (iv) public funds or money held in a fiduciary
54 capacity; (v) school savings funds; and (vi) club deposits; and (B) pay
55 interest or dividends thereon;

56 (3) Act as a depository of court and trust funds;

57 (4) Purchase and sell coins and bullion;

58 (5) Receive for safekeeping or otherwise all kinds of personal
59 property, including papers, documents and evidences of indebtedness;

60 (6) Conduct a safe deposit business on its banking premises;

61 (7) Act (A) as guardian or conservator of the estate of any person,
62 but not of the person, (B) as a trustee, receiver, executor or
63 administrator, or (C) in any other fiduciary capacity, all without bond
64 unless a bond is ordered by the court;

65 (8) Act as agent or attorney in fact for the holders of securities or the
66 owners of real estate;

67 (9) Act as transfer agent or registrar of stocks and bonds;

68 (10) Execute and deliver signature guaranties as may be incidental
69 or usual in the transfer of investment securities;

70 (11) Act as agent, fiscal agent or trustee for any corporation or for
71 holders of bonds, notes or other securities, and pledge assets to secure
72 deposits in its banking department when (A) made by it as trustee
73 under a trust indenture for the holders of revenue bonds issued by this
74 state, any municipality, district, municipal corporation or authority or

75 political subdivision thereof, and the express provisions of the
76 authority or its political subdivision, and the express provisions of the
77 trust indenture require the deposit to be so secured, (B) made by it as
78 fiscal agent for a housing authority in connection with a federally-
79 assisted housing project and federal regulations or other requirements
80 call for the deposits to be so secured, or (C) made by it to secure
81 deposits in individual retirement accounts and qualified retirement
82 plan accounts, established in accordance with the applicable
83 provisions of the Internal Revenue Code of 1986, or any prior or
84 subsequent corresponding internal revenue code of the United States,
85 as from time to time amended, where such deposits exceed the
86 maximum of federal deposit insurance available for such accounts;

87 (12) Act as fiscal agent for this state or any of its political
88 subdivisions when authorized by the executive head of this state or of
89 the political subdivision;

90 (13) Act as agent (A) in the collection of taxes for any qualified
91 treasurer of any taxing district or qualified collector of taxes or (B) for
92 any electric, electric distribution, gas, water or telephone company
93 operating within this state in receiving moneys due that company for
94 utility services furnished by it;

95 (14) Act as agent for the sale, issue and redemption of obligations of
96 the United States and pledge assets to the United States or to the
97 proper federal reserve bank for its obligations as that agent;

98 (15) (A) Act as agent for an insured depository institution affiliate in
99 receiving deposits, renewing time deposits, closing loans, servicing
100 loans and receiving payments on loans and other obligations, and in so
101 doing shall not be considered to be a branch of such affiliate;

102 (B) A Connecticut bank may not conduct any activity as an agent
103 under subparagraph (A) of this subdivision which such bank is
104 prohibited from conducting as a principal;

105 (16) Act as treasurer of any organization exempt from federal

106 income taxation under Section 501 of the Internal Revenue Code of
107 1986, or any subsequent corresponding internal revenue code of the
108 United States, as from time to time amended;

109 (17) Establish a charitable fund, either in the form of a charitable
110 trust or a nonprofit corporation to assist in making charitable
111 contributions, provided (A) the trust or nonprofit corporation is
112 exempt from federal income taxation and may accept charitable
113 contributions under Section 501 of the Internal Revenue Code of 1986,
114 or any subsequent corresponding internal revenue code of the United
115 States, as from time to time amended, (B) the trust or nonprofit
116 corporation's operations shall be disclosed fully to the commissioner
117 upon request, and (C) the trust department of the bank or one or more
118 directors or officers of the bank act as trustees or directors of the fund;

119 (18) In the discretion of a majority of its governing board, make
120 contributions or gifts to or for the use of any corporation, trust or
121 community chest, fund or foundation created or organized under the
122 laws of the United States or of this state and organized and operated
123 exclusively for charitable, educational or public welfare purposes, or of
124 any hospital which is located in this state and which is exempt from
125 federal income taxes and to which contributions are deductible under
126 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
127 corresponding internal revenue code of the United States, as from time
128 to time amended;

129 (19) Discount, purchase and sell accounts receivable, negotiable and
130 nonnegotiable promissory notes, drafts, bills of exchange and other
131 forms of indebtedness;

132 (20) (A) Accept for payment at future dates drafts drawn upon it,
133 and (B) except as provided in section 36a-299, sell or issue without
134 charge negotiable checks or drafts drawn by or on the bank.
135 Negotiable checks or drafts drawn, sold or issued by a bank may be
136 drawn on that bank or be payable by or through another bank or out-
137 of-state bank;

138 (21) Make secured and unsecured loans and issue letters of credit as
139 authorized by and subject to section 36a-260;

140 (22) (A) Issue credit cards and debit cards and enter into card
141 agreements with the bank's card holders and with other card issuers,
142 (B) lend money to individuals, honor drafts and similar orders drawn
143 or accepted, whether by written instrument or electronic transmission,
144 and pay and agree to pay obligations incurred in connection with
145 those agreements, (C) become affiliated with any credit card
146 corporation or association, and (D) subject to sections 36a-155 to 36a-
147 159, inclusive, where applicable, provide electronic fund transfer
148 facilities and services and enter into agreements with customers and
149 other persons regarding the provision of such facilities;

150 (23) Provide home banking services to customers as provided in
151 section 36a-170;

152 (24) Contract for and pay the premiums upon life insurance in the
153 amount of the unpaid balance due on loans;

154 (25) Borrow money and pledge assets therefor, and pledge assets to
155 secure trust funds on deposit awaiting investment;

156 (26) Enter into leases of personal property acquired upon the
157 specific request of and for the use of a prospective lessee;

158 (27) Make investments as authorized by this title;

159 (28) Sell to any person, including any state or federal agency or
160 instrumentality, any loan or group of loans legally owned by the bank,
161 repurchase any such loan or group of loans, and act as collecting,
162 remitting and servicing agent in connection with any such loans and
163 charge for its acts as agent. Any such bank is authorized to purchase
164 the minimum amount of capital stock of the applicable agency or
165 instrumentality if required by that entity to be purchased in connection
166 with the assignment of loans to that entity and to hold and dispose of
167 that stock;

168 (29) With the approval of the commissioner, deal in and underwrite,
169 to the same extent as is permitted to a national banking association,
170 obligations of: (A) The United States or any of its agencies; (B) any
171 state or any political subdivision or instrumentality of the state; or (C)
172 Canada, any province of Canada or any political subdivision of
173 Canada;

174 (30) Issue and sell securities which (A) are guaranteed by the
175 Federal National Mortgage Association or any other agency or
176 instrumentality authorized by state or federal law to create a
177 secondary market with respect to loans of the type originated by the
178 bank, or (B) subject to the approval of the commissioner, relate to loans
179 originated by the bank and are guaranteed or insured by a financial
180 guaranty insurance company or comparable private entity;

181 (31) Subject to the approval of the commissioner, authorize the
182 issuance and sale of evidences of indebtedness, including debentures,
183 debt instruments of all maturities and capital notes, at such times, in
184 such amount and upon such terms as are determined by the governing
185 board, provided the issuance of such evidences of indebtedness which
186 are payable on demand or mature within five years of their issuance or
187 which are effected in the ordinary course of business do not require the
188 approval of the commissioner. The proceeds of such evidences of
189 indebtedness which mature after five years of their issuance which are
190 subordinate to the claims of depositors upon liquidation of the bank
191 shall be considered part of its capital for the purpose of computing any
192 loan, deposit or investment limitation under this title;

193 (32) With the approval of and upon such conditions and under such
194 regulations as may be prescribed or adopted by the commissioner,
195 establish and maintain one or more mutual funds and offer to the
196 public shares or participations therein;

197 (33) (A) With the written approval of the commissioner, [(A)
198 Acquire] acquire, alter or improve real estate for present or future use
199 in the business of the bank, [, except that] Such approval [of the
200 commissioner is not necessary] shall not be required in case of the

201 alteration or improvement of real estate already owned or leased by
202 the bank or a corporation controlled by it as provided in subsection (d)
203 of section 36a-276, if the expenditure for such purposes does not in any
204 one calendar year exceed five per cent of the bank's equity capital and
205 reserves for loan and lease losses or [five] seven hundred fifty
206 thousand dollars, whichever is less. [;]

207 (B) With the written approval of the commissioner, purchase real
208 estate adjoining any parcel of real estate then owned by it and acquired
209 in the usual course of business, provided the aggregate of all
210 investments and loans authorized in [subparagraphs (A) and (B)] this
211 subparagraph and in subparagraph (A) of this subdivision and in the
212 equipment used by such bank in its operations, together with the
213 amount of any indebtedness incurred by any corporation holding real
214 estate of the bank and such bank's proportionate share, computed
215 according to stock ownership, of any indebtedness incurred by any
216 service corporation, does not exceed fifty per cent of the equity capital
217 and reserves for loan and lease losses of the bank, unless the
218 commissioner finds that the rental income from any part of the
219 premises not occupied by the bank will be sufficient to warrant larger
220 investment;

221 (34) Convey any real estate owned by it at the price and upon such
222 terms of payment as its governing board or an authorized committee
223 thereof determines and sets forth in the bank's records. If any such sale
224 is wholly or partly for credit, a note secured by a first mortgage on the
225 real estate may evidence that credit. With the written approval of the
226 commissioner, the bank may accept other real estate in whole or in
227 part for any such conveyance;

228 (35) Establish and maintain an international banking facility, as
229 defined in regulations adopted by the Board of Governors of the
230 Federal Reserve System, subject to such regulations as the
231 commissioner may adopt, in accordance with chapter 54, to specify,
232 and impose restrictions upon, the types of activities in which the
233 international banking facility may engage;

234 (36) Join the Federal Reserve System;

235 (37) With the approval of the commissioner, join the Federal Home
236 Loan Bank System and borrow funds as provided under federal law;

237 (38) Even if not expressly authorized to exercise fiduciary powers,
238 act as trustee or custodian of a plan which qualifies as part of a
239 retirement plan for self-employed individuals or an individual
240 retirement account under the provisions of the Internal Revenue Code
241 of 1986, or any subsequent corresponding internal revenue code of the
242 United States, as from time to time amended, if the governing
243 instrument limits the investment of the funds held pursuant to such
244 plan to the following investments: (A) Savings deposits and time
245 deposits; and (B) with respect to retirement plans for self-employed
246 individuals, notes of members in such plans which evidence the
247 indebtedness of such members for funds borrowed from the plans.
248 Funds held pursuant to any plan which so qualifies may be deposited
249 in any Connecticut bank without regard to any statutory limit on the
250 amount which such bank may have on deposit from one depositor;

251 (39) Sell insurance and fixed and variable annuities directly, sell
252 insurance and such annuities indirectly through a subsidiary, or enter
253 into arrangements with third-party marketing organizations for the
254 sale by such third-party marketing organizations of insurance or such
255 annuities on the premises of the Connecticut bank or to customers of
256 the Connecticut bank; provided (A) such insurance and annuities are
257 issued or purchased by or from an insurance company licensed in
258 accordance with section 38a-41, and (B) the Connecticut bank,
259 subsidiary or third-party marketing organization, and any officer or
260 employee thereof, shall be licensed as required by section 38a-769, as
261 amended, before engaging in any of the activities authorized by this
262 subdivision. As used in this subdivision, "annuities" and "insurance"
263 have the same meanings as set forth in section 38a-1, except that
264 "insurance" does not include title insurance. The provisions of this
265 subdivision do not authorize a Connecticut bank or a subsidiary of a
266 Connecticut bank to underwrite insurance or annuities;

267 (40) With the prior written approval of the commissioner, engage in
268 closely related activities, unless the commissioner determines that any
269 such activity shall be conducted by a subsidiary of the Connecticut
270 bank, utilizing such organizational, structural or other safeguards as
271 the commissioner may require, in order to protect the Connecticut
272 bank from exposure to loss. As used in this subdivision, "closely
273 related activities" means those activities that are closely related to the
274 business of banking, are convenient and useful to the business of
275 banking, are reasonably related to the operation of a Connecticut bank
276 or are financial in nature including, but not limited to, business and
277 professional services, data processing, courier and messenger services,
278 credit-related activities, consumer services, services related to real
279 estate, financial consulting, tax planning and preparation, community
280 development activities, any activities reasonably related to such
281 activities, or any activity permitted under the Bank Holding Company
282 Act of 1956, 12 USC Section 1841 et seq., as from time to time amended,
283 or the Home Owners' Loan Act of 1933, 12 USC Section 1461 et seq., as
284 from time to time amended, or the regulations promulgated under
285 such acts as from time to time amended; and

286 (41) Engage in any activity that a federal bank or an out-of-state
287 bank may be authorized to engage in under federal or state law,
288 provided the Connecticut bank shall file with the commissioner prior
289 written notice of its intention to engage in such activity. Such notice
290 shall include a description of the activity, a description of the financial
291 impact of the activity on the Connecticut bank, citation of the legal
292 authority to engage in the activity under federal or state law, a
293 description of any limitations or restrictions imposed on such activity
294 under federal or state law, and any other information that the
295 commissioner may require. The Connecticut bank may engage in such
296 activity unless the commissioner disapproves such activity not later
297 than thirty days after the notice is filed. The commissioner may adopt
298 regulations in accordance with chapter 54 to ensure that any such
299 activity is conducted in a safe and sound manner with adequate
300 consumer protections. The provisions of this subdivision do not
301 authorize a Connecticut bank or a subsidiary of a Connecticut bank to

302 sell title insurance.

303 Sec. 5. Subsection (c) of section 36a-333 of the 2006 supplement to
304 the general statutes is repealed and the following is substituted in lieu
305 thereof (*Effective from passage*):

306 (c) The depository shall have the right to make substitutions of
307 eligible collateral at any time without notice. The depository shall have
308 the right to reduce the amount of eligible collateral maintained under
309 subsection (a) of this section provided such reduction shall be
310 determined based on the amount of all public deposits held by the
311 depository and the depository's risk-based capital ratio as determined
312 in accordance with said subsection (a). The depository shall provide
313 written notice to its public depositors of any such reduction in the
314 amount of eligible collateral maintained under subsection (a) of this
315 section.

316 Sec. 6. Subsection (h) of section 36a-437a of the general statutes is
317 repealed and the following is substituted in lieu thereof (*Effective from*
318 *passage*):

319 (h) (1) The bylaws of a Connecticut credit union shall specify at least
320 the following: (A) The name of the credit union; (B) the field of
321 membership of the credit union and the qualifications for membership;
322 (C) the par value of shares; (D) the number and terms of directors and
323 appointed directors, if applicable, and procedures for their election or
324 appointment; (E) the duties of the members of senior management; (F)
325 the manner in which a credit committee, credit manager, loan officer or
326 any combination thereof shall be responsible for the credit functions of
327 the credit union; (G) the manner of conducting the annual meeting and
328 the provisions for voting; (H) conditions for payment on, receipt of or
329 withdrawal of shares and deposits; and (I) such other matters as the
330 governing board deems necessary.

331 (2) The bylaws of a Connecticut credit union may not be amended
332 without the written approval of the commissioner for a period of three
333 years following issuance by the commissioner of the certificate of

334 authority to engage in the business of a Connecticut credit union.
335 Thereafter, the bylaws of a Connecticut credit union may be amended
336 in accordance with subdivision (3) of this subsection, provided the
337 bylaws comply with this subdivision, and any such amendment
338 changing the name of the credit union or the field of membership of
339 the credit union shall require the written approval of the commissioner
340 in accordance with subdivision (3) of this subsection. The
341 commissioner's approval shall not be required to amend the field of
342 membership of a Connecticut credit union with a multiple common
343 bond membership to add a group of less than five hundred potential
344 members, excluding members of the immediate family or household of
345 a potential member.

346 (3) The bylaws may be amended by the adoption at a meeting of an
347 amendment resolution by two-thirds of the directors of the credit
348 union. Written notice of the meeting and text of the proposed
349 amendment shall be given to each director at least seven days prior to
350 the meeting. The Connecticut credit union shall file with the
351 commissioner, within ten days after its adoption, one copy of any
352 proposed amendment on a form provided by the commissioner. In the
353 case of a proposed amendment requiring the commissioner's approval,
354 the commissioner shall, within thirty days after such filing, determine
355 whether such proposed amendment is consistent with the provisions
356 and purposes of sections 36a-435a to 36a-472a, inclusive. The thirty-
357 day period may be extended by the commissioner, in writing, if the
358 commissioner determines that the proposed amendment raises issues
359 that require additional information or additional time for analysis. The
360 commissioner, upon determining that such proposed amendment
361 satisfies the requirements of said sections 36a-435a to 36a-472a,
362 inclusive, shall endorse the commissioner's approval on such proposed
363 amendment, and return one copy thereof to the Connecticut credit
364 union.

365 (4) Any amendment to the bylaws of a Connecticut credit union
366 shall become effective when adopted except amendments requiring the
367 approval of the commissioner which shall become effective upon such

368 approval.

369 Sec. 7. Subsection (d) of section 36a-459a of the general statutes is
370 repealed and the following is substituted in lieu thereof (*Effective from*
371 *passage*):

372 (d) A Connecticut credit union may, subject to the provisions of
373 subsections (e), (f) and (g) of section 36a-461a, invest its funds in or
374 make loans to credit union service organizations provided (1) the total
375 of any such investment in or loan to any one credit union service
376 organization does not exceed two per cent of the total assets of the
377 credit union without regard to the amount derived from the
378 profitability of such credit union service organization, and (2) the
379 credit union shall file with the commissioner prior written notice of its
380 intention to make such investment or loan. The Connecticut credit
381 union may make such investment or loan unless the commissioner
382 disapproves such investment or loan not later than thirty business
383 days after the notice is filed. The thirty-day period may be extended by
384 the commissioner, in writing, if the commissioner determines that the
385 notice raises issues that require additional information or additional
386 time for analysis.

387 Sec. 8. Section 36a-462a of the general statutes is repealed and the
388 following is substituted in lieu thereof (*Effective from passage*):

389 (a) (1) No Connecticut credit union shall establish a branch in this
390 state or outside of this state unless prior to such establishment the
391 credit union has filed with the commissioner an application to
392 establish a branch. The Connecticut credit union may establish such
393 branch unless the commissioner disapproves the application not later
394 than thirty days after the application has been filed with the
395 commissioner. The thirty-day period may be extended by the
396 commissioner, in writing, if the commissioner determines that the
397 application raises issues that require additional information or
398 additional time for analysis. The commissioner may disapprove an
399 application to establish a branch if the commissioner finds that: (A)
400 Establishment of the proposed branch is inconsistent with safety and

401 soundness; (B) establishment of the proposed branch is inconsistent
402 with the Connecticut credit union's field of membership; (C) in the case
403 of a Connecticut credit union whose membership is limited to a well-
404 defined community, neighborhood or rural district, (i) the proposed
405 branch is not generally accessible to the public, (ii) establishment of the
406 proposed branch will result in an oversaturation of financial
407 institutions in the town in which the branch is to be located, or (iii)
408 such credit union does not have a record of compliance with the
409 requirements of sections 36a-37 to 36a-37e, inclusive; or (D) in the case
410 of an out-of-state branch, the laws of such other state do not authorize
411 the establishment of such branch. Except as provided in this
412 subdivision, a Connecticut credit union may establish or operate a
413 branch in the same or approximately the same location as another
414 financial institution, provided any such institution's insurable accounts
415 or deposits are federally insured.

416 (2) (A) A Connecticut credit union that proposes to close a branch
417 within or outside of this state shall submit to the commissioner a notice
418 of the proposed closing as soon as possible but not less than thirty
419 days prior to the closing date. The notice shall include a detailed
420 statement of the reasons for the decision to close the branch.

421 (B) The Connecticut credit union shall provide notice of the
422 proposed closing to its members by:

423 (i) Posting such notice in a conspicuous manner on the premises of
424 the branch proposed to be closed at least thirty days prior to the
425 closing, and

426 (ii) Including such notice in at least one regular account statement
427 mailed to its members who utilize the branch proposed to be closed, or
428 in a separate mailing to such members at least thirty days prior to the
429 closing date.

430 (3) With the approval of the commissioner, any Connecticut credit
431 union may relocate any branch within this state in accordance with
432 such notice and other requirements as the commissioner may

433 prescribe. As used in this subdivision, "relocate" means to move within
434 the same immediate neighborhood without substantially affecting the
435 nature of the business or members served.

436 (b) (1) No Connecticut credit union shall establish a mobile branch
437 in this state or outside of this state unless prior to such establishment
438 the credit union has filed with the commissioner an application to
439 establish a mobile branch listing each predetermined location. The
440 Connecticut credit union may establish such mobile branch unless the
441 commissioner disapproves the application not later than thirty days
442 after the application has been filed with the commissioner. The thirty-
443 day period may be extended by the commissioner, in writing, if the
444 commissioner determines that the application raises issues that require
445 additional information or additional time for analysis. The
446 commissioner may disapprove an application for a mobile branch if
447 the commissioner makes such findings under subdivision (1) of
448 subsection (a) of this section as the commissioner deems necessary. A
449 mobile branch shall be conspicuously identified as a branch of a
450 Connecticut credit union.

451 (2) A Connecticut credit union that proposes to close any mobile
452 branch shall submit to the commissioner a notice of the proposed
453 closing not later than thirty days prior to the date proposed for such
454 closing. The notice shall include a detailed statement of the reasons for
455 the decision to close the mobile branch.

456 (3) A Connecticut credit union that proposes to close any
457 predetermined location of a mobile branch shall notify the
458 commissioner prior to the closing of such location.

459 (c) The commissioner may examine and supervise the out-of-state
460 branches of any Connecticut credit union and may enter into
461 agreements with other state or federal credit union regulators
462 concerning such examination or supervision. Any such agreement may
463 include provisions concerning the assessment or sharing of fees for
464 such examination or supervision.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	36a-65(d)(1)(K)
Sec. 2	<i>from passage</i>	36a-70(f)
Sec. 3	<i>from passage</i>	36a-80
Sec. 4	<i>from passage</i>	36a-250(a)
Sec. 5	<i>from passage</i>	36a-333(c)
Sec. 6	<i>from passage</i>	36a-437a(h)
Sec. 7	<i>from passage</i>	36a-459a(d)
Sec. 8	<i>from passage</i>	36a-462a

BA *Joint Favorable Subst.*

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:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Banking Dept.	BF - Revenue Loss	Potential Minimal	Potential Minimal

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill eliminates the \$500 application fee which banks have to pay for the acquisition, alteration, or improvement of real estate under certain conditions. To the extent that some banks will not have to pay the application fee, this could result in a minimal revenue loss to the state.

The bill makes other various changes to banking laws, none of which have a fiscal impact.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$	FY 11 \$
Banking Dept.	BF - Revenue Loss	Potential Minimal	Potential Minimal	Potential Minimal

Note: BF=Banking Fund

Municipal Impact: None

OLR Bill Analysis
sSB 226

**AN ACT CONCERNING BANK AND CREDIT UNION
APPLICATIONS AND PUBLIC DEPOSITS.**

SUMMARY:

This bill:

1. eliminates the application fee for the acquisition, alteration, or improvement of real estate if it is associated with establishing an out of state branch;
2. reduces the time period for which a bank is required to publish a notice of hearing for incorporation;
3. requires banks to provide the banking department with copies of any changes to their certificates of incorporation;
4. increases the maximum amount a bank can spend on real estate without the commissioner's approval;
5. specifies the authority for and circumstances under which a depository may reduce the amount of eligible collateral maintained to secure public deposits; and
6. extends the time frame for review of certain credit union documents.

EFFECTIVE DATE: Upon passage

**APPLICATION FEE FOR THE ACQUISITION OF REAL ESTATE (§
1)**

Under current law there is a \$500 fee that must accompany an application for a Connecticut bank to acquire, alter, or improve real

estate for present or future use in the business of the bank. The bill eliminates the fee if the application is filed in connection with an application to establish a branch or limited branch outside of the state. The fee is already waived if the application is filed in connection with an application to establish a branch or limited branch in the state.

NOTICE OF HEARING ON APPLICATION TO ORGANIZE A BANK (§ 2)

Current law requires that there be a hearing on an application to organize a Connecticut bank. The banking commissioner issues the order designating the time and place of the hearing after receiving certain documentation. The bill requires the organizers to publish a copy of the order for hearing for three business days starting at least 20 days before the hearing, instead of publishing the proposed certificate of incorporation for a week at least 20 days before the hearing as required under current law.

CORPORATE DOCUMENTS (§ 3)

The bill requires a Connecticut bank to promptly file any changes made to its certificate of incorporation with the banking commissioner. The law already requires a bank to file any changes made to its bylaws.

WRITTEN PERMISSION FOR ALTERATION OR IMPROVEMENT OF REAL ESTATE (§ 4)

Currently, a bank do not need the commissioner's written permission to alter or improve real estate it owns if the bank spends in one calendar year, less than the smaller of 5% of its equity capital and reserves for loan and lease losses or \$500,000. The bill extends the provisions to real estate leased by the bank and increases from \$500,000 to \$750,000 the amount a bank may use to acquire, alter, or improve real estate in any one calendar year without the commissioner's written approval.

QUALIFIED PUBLIC DEPOSITORIES (§ 5)

By law, qualified public depositories include credit unions as well as Connecticut and out-of-state banks with branches in Connecticut

that receive or hold public deposits and collateral for such deposits. The law gives depositories the right to substitute eligible collateral at any time without notice. It also provides that a depository must provide written notice to depositors of any reduction in the amount of eligible collateral. The bill specifically gives a depository the right to reduce the amount of eligible collateral that it maintains to secure its public deposits and requires the reduction to be determined based on the amount of all public deposits held by the depository and its risk-based capital ratio as determined under the law.

CREDIT UNIONS (§§ 6-8)

The bill authorizes the banking commissioner to extend the typical 30-day review period if he determines that additional information or additional time for analysis is needed to review the following Connecticut credit union documents:

1. proposed amendments to bylaws;
2. notice of intention to invest funds in or make loans to credit union service organizations; and
3. applications to establish a branch or mobile branch.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/09/2006)