



Senate

General Assembly

File No. 67

January Session, 2007

Senate Bill No. 234

Senate, March 19, 2007

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

AN ACT CONCERNING THE DEPARTMENT OF BANKING.

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

1 Section 1. Section 36a-1 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 This title shall be known as the "Banking Law of Connecticut" and
4 shall be applicable to all Connecticut banks, Connecticut credit unions,
5 first and secondary mortgage lenders and brokers, money order and
6 travelers check licensees, check cashing service licensees, trustees
7 under mortgages or deeds of trust of real property securing certain
8 investments, corporations exercising fiduciary powers, small loan
9 licensees, business and industrial development corporation licensees,
10 sales finance companies, mortgage servicing companies, debt
11 adjusters, and to such other persons [as] who subject themselves to the
12 provisions of this title or who, by violating any of its provisions,
13 become subject to the penalties provided in this title.

14 Sec. 2. Section 36a-3 of the general statutes is repealed. (*Effective*

15 *October 1, 2007)*

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	36a-1
Sec. 2	<i>October 1, 2007</i>	Repealer section

BA *Joint Favorable*

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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Banking Dept.	BF - Revenue Gain	Potential Minimal	Potential Minimal

Note: BF=Banking Fund

Municipal Impact: None

Explanation

This bill includes business and industrial development corporation licensees under the purview of the state’s banking laws. This bill also makes the new group of licensees subject to penalties for violations, for which the Banking Department collected \$643,464 in penalty revenue in FY 06. To the extent that this bill expands the scope of possible violations, it could result in a minimal revenue gain to the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the rate of penalty collections which is unknown at this time.

OLR Bill Analysis**SB 234*****AN ACT CONCERNING THE DEPARTMENT OF BANKING*****SUMMARY:**

This bill specifically adds business and industrial development corporation licensees to the list of licensees to which Connecticut's banking law applies. The banking law applies to listed entities, as well as to other people who subject themselves to its provisions or who, by violating any of its provisions, become subject to its penalties. The law already authorizes and provides for the licensure of business and industrial development corporations. A business and industrial corporation is a person approved or seeking approval from the federal Small Business Administration as a participating lender under its loan guarantee programs, who applies to the banking commissioner for a license under the law.

The bill also makes a technical change.

EFFECTIVE DATE: October 1, 2007

BACKGROUND***Parties Subject to Connecticut Banking Laws***

Connecticut banking law currently applies to all Connecticut banks; Connecticut credit unions; first and secondary mortgage lenders and brokers; money order and travelers check licensees; check cashing service licensees; trustees under mortgages or deeds of trust of real property securing certain investments; corporations exercising fiduciary powers; small loan licensees, sales finance companies; mortgage servicing companies; debt adjusters; and other entities that subject themselves to the provisions of the law or who, by violating any of its provisions, become subject to its penalties.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 18 Nay 0 (03/06/2007)