



House of Representatives

General Assembly

File No. 211

January Session, 2013

House Bill No. 6338

House of Representatives, March 27, 2013

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT ESTABLISHING THE FINANCE AND BANKING DEVELOPMENT COMMISSION AND THE CONNECTICUT FINANCE CENTER.

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

1 Section 1. (NEW) (*Effective July 1, 2013*) (a) There is established a
2 Finance and Banking Development Commission consisting of eight
3 members. The commission shall consist of six members appointed as
4 follows: (1) One appointed by the president pro tempore of the Senate,
5 who shall have expertise in banking; (2) one appointed by the majority
6 leader of the Senate, who shall have experience in commercial lending;
7 (3) one appointed by the minority leader of the Senate, who shall have
8 experience in the business of investment advisers and broker-dealers;
9 (4) one appointed by the speaker of the House of Representatives, who
10 shall have experience in private equity or venture capital; (5) one
11 appointed by the majority leader of the House of Representatives, who
12 shall have experience in hedge funds and investment management;
13 and (6) one appointed by the minority leader of the House of
14 Representatives, who shall have experience in the marketing of finance

15 and banking companies and investment services. The Banking
16 Commissioner and the Commissioner of Economic and Community
17 Development shall be ex-officio, nonvoting members of the
18 commission. In the event of a vacancy for any member appointed
19 pursuant to this subsection, such vacancy shall be filled by the
20 appointing authority and such appointed member shall have the
21 requisite expertise.

22 (b) Any member appointed pursuant to subsection (a) of this section
23 shall serve for a term of two years beginning on October first in the
24 year of such member's appointment. The commission shall elect a
25 chairperson and a vice-chairperson from among its members who shall
26 each serve in such capacity for a period of two years. Any person
27 absent from (1) three consecutive meetings of the commission, or (2)
28 fifty per cent of such meetings during any calendar year shall be
29 deemed to have resigned from the commission, effective immediately.

30 (c) Members of the commission shall serve without compensation
31 but shall, within the limits of available funds, be reimbursed for
32 expenses necessarily incurred in the performance of their duties. The
33 commission shall meet as often as deemed necessary by the
34 chairperson or a majority of the commission.

35 (d) The Department of Economic and Community Development
36 shall provide, within existing budgetary resources, any staff necessary
37 for the performance of the functions and duties of the commission.

38 (e) The commission shall:

39 (1) Advocate for all necessary changes to the policies and laws of
40 this state that will encourage banks and financial service companies, as
41 defined in section 12-218b of the general statutes, to establish business
42 operations in this state, relocate to the state and charter or organize
43 under the laws of this state, provided a majority of the members of the
44 commission shall be required to approve any specific advocacy before
45 the General Assembly or any state agency;

46 (2) Make recommendations to the General Assembly and the
47 Governor concerning legislation, policies, programs and services that
48 will foster progress in achieving the desired results described in
49 subdivision (1) of this subsection, provided any such
50 recommendations shall be provided solely with the approval of a
51 majority of the members of the commission;

52 (3) Review and comment on any proposed state legislation or
53 recommendations that may affect the decision of banks and financial
54 service companies to establish business operations in this state,
55 relocate to this state and charter or organize under the laws of this
56 state and provide copies of any such comments to members of the
57 General Assembly; and

58 (4) Advise the General Assembly and Governor concerning the
59 coordination and administration of state programs that affect progress
60 in achieving the desired results described in subdivision (1) of this
61 subsection.

62 (f) Not later than January 1, 2015, and annually thereafter, the
63 commission shall report, in accordance with section 11-4a of the
64 general statutes, to the joint standing committees of the General
65 Assembly having cognizance of matters relating to banking, commerce
66 and finance, revenue and bonding regarding the progress made in
67 achieving the desired results described in subdivision (1) of subsection
68 (e) of this section.

69 Sec. 2. (NEW) (*Effective October 1, 2013*) There is established a
70 Connecticut Finance Center, which shall be a branch of the office of the
71 Secretary of the State in lower Fairfield County, that shall encourage
72 the formation and establishment of financial service companies, as
73 defined in section 12-218b of the general statutes, and banks in
74 Connecticut.

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

Section 1	<i>July 1, 2013</i>	New section
Sec. 2	<i>October 1, 2013</i>	New section

BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$
Secretary of the State	GF - Cost	335,000	330,000
State Comptroller - Fringe Benefits ¹	GF - Cost	79,500	79,500
Department of Economic & Community Development	GF - Potential Cost	Minimal	Minimal
Various State Agencies	GF - Potential Cost	Less than 1,000	less than 1,000

Municipal Impact: None

Explanation

Section 1, which establishes a Finance and Banking Development Commission, may result in a cost of less than \$1,000 to agencies participating in the commission to reimburse legislators and agency staff for mileage expenses.

Section 1 also requires the Department of Economic and Community Development (DECD) to provide any staff necessary for the Commission within existing budgetary resources. If the bill were to be implemented, the agency might incur costs related to overtime or temporary workers provided that the agency is unable to reassign existing personnel from other duties to fulfill the functions and duties of the bill's Commission.

Section 2 establishes the Connecticut Finance Center as a branch

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 34.54% of payroll in FY 14 and FY 15.

office (in Fairfield County) of the Secretary of the State (SOTS). As the SOTS does not currently have an office in Fairfield County, this is expected to result in a cost of \$335,000 in FY 14 and \$330,000 in FY 15. In addition, there would be a cost of approximately \$79,500 to the Comptroller's Office for fringe benefits. The costs to SOTS include funding in Personal Services of \$230,000 for three positions; \$100,000 in Other Expenses for leasing of office equipment, rent, utilities and other costs; and \$5,000 for equipment in the first year.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. In addition, normal annual pension costs (currently estimated at 7.5% of payroll) attributable to the identified personnel changes will be recognized in the state's annual required pension contribution in future actuarial valuations.

OLR Bill Analysis**HB 6338*****AN ACT ESTABLISHING THE FINANCE AND BANKING DEVELOPMENT COMMISSION AND THE CONNECTICUT FINANCE CENTER.*****SUMMARY:**

The bill establishes an eight-member Finance and Banking Development Commission (FBDC) whose primary purpose is to encourage financial service companies and banks to (1) establish operations in Connecticut or (2) charter or organize under the laws of the state. The tasks the bill assigns the commission involve legislative advocacy for state policies, programs, and procedures that might attract more of these entities to locate or do business in the state.

The bill requires the commission to file annual reports with the banking, commerce, and finance, revenue and bonding committees. Its first report is due January 1, 2015.

The bill also establishes the Connecticut Finance Center, whose purpose is to encourage the formation and establishment of financial service companies and banks in Connecticut. It must be located in lower Fairfield County as a branch of the Secretary of the State's Office. Presumably, the secretary will appoint members and set operational procedures.

EFFECTIVE DATE: July 1, 2013, except the provision establishing the Connecticut Finance Center is effective October 1, 2013.

FINANCE AND BANKING DEVELOPMENT COMMISSION***Duties of the Commission***

The primary function of the commission is to encourage financial service companies and banks to establish operations in Connecticut or to charter or organize under the laws of the state. The bill requires that it:

1. advocate for all necessary changes to policies and laws to encourage these entities to do business in, or relocate in, the state (a majority of the commission members must approve any specific advocacy before presenting it to the General Assembly or any state agency);
2. make recommendations, with majority approval, to the General Assembly and the governor regarding legislation, policies, programs and services that will help the state achieve its goal;
3. review and comment on proposed state laws or recommendations that may affect a bank or financial service company's decision to establish business operations in this state, relocate here, or charter or organize under Connecticut laws; and
4. advise the General Assembly and governor on the coordination and administration of state programs that affect the progress of the commission in achieving its desired results.

The bill requires the Department of Economic and Community Development, within its existing budget, to provide the commission with necessary staff.

Appointment of Members

Under the bill, legislative leaders select six of the commission's eight members, each of whom must have experience in areas the bill specifies. Appointing authorities and fields of expertise are as follows:

1. one appointed by the Senate president pro tempore (banking);
2. one appointed by the Senate majority leader (commercial lending);

3. one appointed by the Senate minority leader (investment advisers and broker-dealers);
4. one appointed by the House speaker (private equity or venture capital);
5. one appointed by the House majority leader (hedge funds and investment management); and
6. one appointed by the House minority leader (marketing of finance and banking companies and investment services).

The banking and economic and community development commissioners are ex-officio, nonvoting members. Under the bill, appointing authorities fill vacancies; the newly appointed member must have the same qualifications as his or her predecessor.

The commission must meet as often as the chairperson or a majority of its members deem necessary.

Members of the commission are reimbursed for expenses incurred in the performance of their duties, within available funds.

Term Limit

Members serve two-year terms beginning on October 1st of the year in which they are appointed. The chairperson and vice-chairperson, chosen by the commission from among its members, also serve two-year terms. Absence from three consecutive meetings or from 50% of the meetings in a calendar year is deemed a resignation and is effective immediately.

BACKGROUND

Financial Service Companies

Financial service companies are bank holding companies; savings and loan holding companies; national banks; savings associations; federal savings banks; foreign banks; credit unions; production credit associations; and certain companies which derive 50% or more of their

gross income from activities such as loans, letters of credit, acceptance of drafts, or services related to other financial instruments or contracts.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/14/2013)