
OLR Bill Analysis

HB 6454

AN ACT CONCERNING NOTICE BY CONNECTICUT BANKS OF THE CLOSURE OF CERTAIN BRANCH OR LIMITED BRANCH LOCATIONS.

SUMMARY

This bill imposes additional notice requirements on Connecticut banks seeking to close a branch or limited branch, including additional notice on closures in a low- or moderate-income area. It also requires the Department of Banking (DoB) to convene a meeting with local representatives and others to discuss ways to improve access to banking services if they receive public comments about a closure in a low- or moderate-income area. These requirements are similar to those federal law imposes on certain banks (see BACKGROUND).

By law, a “Connecticut bank” is a state-chartered bank. A “branch” is a fixed banking location, other than the main office, that is generally open for business Monday–Friday and which receives deposits, pays checks, and lends money. A “limited branch” is a fixed banking location other than the main office, branch, mobile branch, or loan production office (i.e., a limited branch may offer fewer services or different operating hours)(CGS §§ 36-2 & -145).

A “low- or moderate-income area” is a census tract in which the median family income is less than 80% of median family income for (1) the metropolitan statistical area (MSA) where it is located, or (2) the state where the tract is located excluding MSAs, if the tract is not within an MSA (12 U.S.C. § 1831r-1).

The bill does not prohibit or affect a Connecticut bank’s ability to close a branch or limited branch, including the timing of the closure, if the low- and moderate-income notice requirements are met.

EFFECTIVE DATE: October 1, 2021

CLOSURE NOTICES

Existing law requires Connecticut banks to notify the banking commissioner at least 90 days before closing a branch or limited branch. The bill requires this notice requirement to also be sent to the chief elected official of the municipality in which the branch or limited branch is located.

The bill also requires this notice to describe how the bank intends to use the property after the closure. By law, this notice must include (1) a detailed statement of the reasons why the bank is closing the branch or limited branch and (2) the statistical or other information supporting the closure decision.

BANK CLOSURES IN LOW- OR MODERATE-INCOME AREAS

Additional Notice Requirements

By law, Connecticut banks closing a branch or limited branch must (1) notify customers by mail at least 90 days before a proposed closure and (2) post a conspicuous notice on the premises being closed at least 30 days before closure. The bill requires a Connecticut bank closing a branch in a low- or moderate-income area to also include the DoB's mailing address and a statement that comments on the closure may be sent to the department.

Department of Banking Meeting

Upon receiving a written request from someone living in a low- or moderate-income area with a proposed closing, the bill requires DoB to:

1. consult with area community leaders, and
2. convene a meeting to explore the feasibility of obtaining adequate alternative banking facilities and services for the area after the closure, including by establishing a Connecticut credit union or a new branch or limited branch.

The meeting must include department representatives, area community leaders, and other individuals, organizations, or

Connecticut banks as the department deems appropriate.

The written request must (1) include a specific reason, including a discussion of the closure's adverse effects on banking services in the areas and (2) not be frivolous, as the department determines.

BACKGROUND

Related Federal Law

Federal law requires an interstate bank (i.e., national or state bank with branches in multiple states) seeking to close a branch in a low- to moderate-income area to include in the notice it must send to customers (1) the address of the bank's federal regulator and (2) a statement that customers may submit written comments on the branch closure. If an individual submits a comment with a non-frivolous discussion of the branch closure's adverse effects on the availability of banking services, the federal regulator must consult with community representatives and other interested parties to discuss obtaining adequate alternative banking facilities and services, including establishing a community development credit union or having a different bank establish a branch (12 U.S.C. § 1831r-1).

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 15 Nay 3 (03/17/2021)