



# House of Representatives

General Assembly

**File No. 227**

January Session, 2021

Substitute House Bill No. 6453

*House of Representatives, March 31, 2021*

The Committee on Banking reported through REP. DOUCETTE of the 13th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT REQUIRING THE BANKING COMMISSIONER TO CONSIDER THE PERFORMANCE OF CERTAIN BANKS UNDER THE COMMUNITY REINVESTMENT ACT BEFORE APPROVING THE ESTABLISHMENT OF CERTAIN LOAN PRODUCTION OFFICES AND ESTABLISHING A WORKING GROUP TO EXAMINE THE COMMUNITY REINVESTMENT ACT.***

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

1 Section 1. Subsection (o) of section 36a-145 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective October*  
3 *1, 2021*):

4 (o) (1) With the approval of the commissioner, a Connecticut bank  
5 may establish a loan production office in or outside this state. The  
6 commissioner shall not approve the establishment of a loan production  
7 office under this subdivision unless the commissioner has considered  
8 the Connecticut bank's record of compliance with the requirements of  
9 the Community Reinvestment Act of 1977, 12 USC 2901 et seq., as  
10 amended from time to time, and overall Community Reinvestment Act  
11 rating.

12 (2) A Connecticut bank that proposes to close any loan production  
13 office shall submit to the commissioner a notice of the proposed closing  
14 not later than thirty days prior to the date proposed for such closing.  
15 The notice shall include a detailed statement of the reasons for the  
16 decision to close the loan production office and the statistical and other  
17 information in support of such reasons. After receipt of the notice, the  
18 commissioner may require the Connecticut bank to submit any  
19 additional information. The Connecticut bank shall provide notice of the  
20 proposed closing to its customers by posting a notice in a conspicuous  
21 manner on the premises of such loan production office for at least a  
22 thirty-day period ending on the date proposed for such closing.

23 Sec. 2. Subsection (d) of section 36a-412 of the general statutes is  
24 repealed and the following is substituted in lieu thereof (*Effective October*  
25 *1, 2021*):

26 (d) With the approval of the commissioner, any out-of-state bank,  
27 other than a foreign bank, may establish a loan production office in this  
28 state. The commissioner shall not approve the establishment of a loan  
29 production office under this subsection unless the commissioner has  
30 considered the out-of-state bank's record of compliance with the  
31 requirements of the Community Reinvestment Act of 1977, 12 USC 2901  
32 et seq., as amended from time to time, and overall Community  
33 Reinvestment Act rating.

34 Sec. 3. (*Effective from passage*) (a) The chairpersons of the joint standing  
35 committee of the General Assembly having cognizance of matters  
36 relating to banking shall convene a working group to (1) examine the  
37 Community Reinvestment Act of 1977, 12 USC 2901 et seq., (2) monitor  
38 proposed changes to such act and make recommendations and submit  
39 comments to federal regulators and the Connecticut federal legislative  
40 delegation, and (3) recommend methods to incentivize banks and credit  
41 unions to (A) open branch offices in communities without adequate  
42 banking services, (B) offer deposit accounts without overdraft fees to  
43 low and moderate-income individuals, and (C) offer loan products to  
44 individuals in low and moderate-income neighborhoods.

45 (b) The working group shall consist of the following members:

46 (1) The chairpersons, vice-chairpersons and ranking members of the  
47 joint standing committee of the General Assembly having cognizance of  
48 matters relating to banking;

49 (2) The Banking Commissioner, or the commissioner's designee;

50 (3) A representative of the Connecticut Bankers' Association;

51 (4) A representative of the Credit Union League of Connecticut;

52 (5) Two representatives of Connecticut banks, both of whom shall be  
53 appointed by the speaker of the House of Representatives;

54 (6) Two representatives of Connecticut credit unions, both of whom  
55 shall be appointed by the president pro tempore of the Senate; and

56 (7) Two representatives of communities without adequate banking  
57 services, one of whom shall be appointed by the majority leader of the  
58 House of Representatives and one of whom shall be appointed by the  
59 majority leader of the Senate.

60 (c) All initial appointments to the working group shall be made not  
61 later than thirty days after the effective date of this section. Any vacancy  
62 shall be filled by the appointing authority.

63 (d) The chairpersons of the joint standing committee of the General  
64 Assembly having cognizance of matters relating to banking shall be the  
65 chairpersons of the working group. Such chairpersons shall schedule  
66 the first meeting of the working group, which shall be held not later than  
67 sixty days after the effective date of this section.

68 (e) The administrative staff of the joint standing committee of the  
69 General Assembly having cognizance of matters relating to banking  
70 shall serve as administrative staff of the working group.

71 (f) Not later than January 1, 2022, the working group shall submit a  
72 report on its findings and recommendations to the joint standing

73 committee of the General Assembly having cognizance of matters  
74 relating to banking, in accordance with the provisions of section 11-4a  
75 of the general statutes. The working group shall terminate on the date  
76 that it submits such report or January 1, 2022, whichever is later.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2021</i>	36a-145(o)
Sec. 2	<i>October 1, 2021</i>	36a-412(d)
Sec. 3	<i>from passage</i>	New section

**BA**      *Joint Favorable Subst.*

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*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.*

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

This bill, which requires the Department of Banking to add additional considerations in the approval of certain loan production offices and establishes a working group, has no fiscal impact to the state or municipalities.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sHB 6453*****AN ACT REQUIRING THE BANKING COMMISSIONER TO CONSIDER THE PERFORMANCE OF CERTAIN BANKS UNDER THE COMMUNITY REINVESTMENT ACT BEFORE APPROVING THE ESTABLISHMENT OF CERTAIN LOAN PRODUCTION OFFICES AND ESTABLISHING A WORKING GROUP TO EXAMINE THE COMMUNITY REINVESTMENT ACT.*****SUMMARY**

This bill requires the Department of Banking (DOB) commissioner, when deciding whether to approve a new loan production office for a Connecticut bank or an out-of-state bank (but not a foreign bank), to consider the bank's (1) record of compliance with the federal Community Reinvestment Act (CRA) and (2) overall CRA rating (see BACKGROUND).

By law, Connecticut banks must have the commissioner's approval to establish a loan production office in this state or in another state. Out-of-state banks, other than foreign ones, must similarly have the commissioner's approval to establish a loan production office in Connecticut.

The bill also requires the Banking Committee chairpersons to convene and chair a 15-member working group to (1) examine CRA, including monitoring proposed changes to it, and (2) recommend ways to incentivize banks and credit unions to provide certain products and services. The working group must report its findings and recommendations to the Banking Committee by January 1, 2022.

EFFECTIVE DATE: October 1, 2021, except the working group provision is effective upon passage.

**WORKING GROUP**

***Purpose***

Under the bill, the working group's purpose is to (1) examine CRA, including monitoring proposed changes to it, and (2) make recommendations and submit comments to federal regulators and Connecticut's federal legislative delegation. The bill also requires the working group to recommend ways to incentivize banks to (1) open branches in communities without adequate banking services, (2) offer deposit accounts without overdraft fees to low- and moderate-income people, and (3) offer loan products to people in low- and moderate-income neighborhoods.

The bill requires the working group to report its findings and recommendations to the Banking Committee by January 1, 2022. The group terminates on the date it submits the report, or January 1, 2022, whichever is later.

***Membership***

Under the bill, the working group consists of the following members:

1. the Banking Committee's chairpersons, vice-chairpersons, and ranking members;
2. the DOB commissioner, or his designee;
3. one representative each of the Connecticut Bankers' Association and the Credit Union League of Connecticut;
4. two representatives of Connecticut banks appointed by the House speaker;
5. two representatives of Connecticut credit unions appointed by the Senate pro tempore; and
6. two representatives of communities without adequate banking services, one appointed each by the House and Senate majority leaders.

All initial appointments to the working group must be made within

30 days after the bill’s passage. The appointing authority must fill any vacancies.

**Administration**

Under the bill, the Banking Committee chairpersons must serve as the group’s chairpersons and schedule the working group’s first meeting, which must be held within 60 days after the bill’s passage. The Banking Committee administrative staff must serve as the working group’s administrative staff.

**BACKGROUND**

**CRA**

Congress enacted the federal CRA in 1977 to encourage regulated financial institutions to help meet their communities’ credit needs (e.g., lending, investing, and providing services), including low- and moderate-income neighborhoods’ needs, consistent with bank safety and soundness. It requires federal bank regulators to assess a bank’s CRA record, assign it a CRA rating ranging from “outstanding” to “substantial noncompliance,” and consider the rating when deciding to approve an application for a new branch, a merger, or certain other activities (12 U.S.C. § 2901 et seq.).

**COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/17/2021)