



House of Representatives

General Assembly

File No. 238

January Session, 2021

House Bill No. 6454

House of Representatives, April 1, 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 bill ought to pass.

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

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

1 Section 1. Subsection (f) 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2 repealed and the following is substituted in lieu thereof (*Effective October*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 (f) (1) A Connecticut bank which proposes to close any branch or
5 limited branch shall submit to the commissioner and the chief elected
6 official of the municipality in which the branch or limited branch is
7 located a notice of the proposed closing not later than the first day of the
8 ninety-day period ending on the date proposed for that closing. The
9 notice shall include a detailed statement of the reasons for the decision
10 to close the branch or limited branch, [and] the statistical and other
11 information in support of such reasons and the bank's intended use of
12 the property after the closure. After receipt of the notice, the
13 commissioner may require the Connecticut bank to submit any
14 additional information.

15 (2) The Connecticut bank shall provide notice of the proposed closing
16 to its customers by:

17 (A) Posting a notice in a conspicuous manner on the premises of the
18 branch or limited branch proposed to be closed during a period not less
19 than the thirty-day period ending on the date proposed for that closing;
20 and

21 (B) Including a notice in at least one of any regular account statements
22 mailed to customers of the branch or limited branch proposed to be
23 closed or in a separate mailing, by not later than the beginning of the
24 ninety-day period ending on the date proposed for that closing.

25 (3) (A) If the branch or limited branch proposed to be closed is located
26 in a low or moderate-income area, as defined in 12 USC 1831r-1(d), as
27 amended from time to time, the notice required pursuant to subdivision
28 (2) of this subsection shall include the mailing address of the
29 Department of Banking and a statement that comments on such
30 proposed branch closure may be mailed to the department.

31 (B) If a person residing in such low or moderate-income area (i)
32 submits a written request to the department relating to the proposed
33 branch closure and such request includes a statement of the specific
34 reason for the request, including a discussion of the adverse effect of
35 such closure on the availability of banking services in the area, and (ii)
36 the department concludes that such request is not frivolous, the
37 department shall consult with community leaders in the area and
38 convene a meeting of representatives of the department, community
39 leaders in the area and such other individuals, organizations or
40 Connecticut banks as the department deems appropriate to explore the
41 feasibility of obtaining adequate alternative facilities and services for the
42 area, including the establishment of a new branch or limited branch, or
43 the establishment of a Connecticut credit union, following the proposed
44 branch closure.

45 (C) Nothing in this subdivision shall prohibit or affect the closure by
46 a Connecticut bank of a branch or limited branch, including the timing

47 of such closure, if the bank satisfies the requirements of subparagraphs
48 (A) and (B) of this subdivision.

49 [(3)] (4) (A) A Connecticut bank which proposes to close any mobile
50 branch shall submit to the commissioner a notice of the proposed
51 closing not later than thirty days prior to the date proposed for such
52 closing. The notice shall include a detailed statement of the reasons for
53 the decision to close the mobile branch and the statistical and other
54 information in support of such reasons. After receipt of the notice, the
55 commissioner may require the Connecticut bank to submit any
56 additional information.

57 (B) A Connecticut bank which proposes to close any predetermined
58 location of a mobile branch shall notify the commissioner prior to the
59 closing of such location.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2021	36a-145(f)

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:** None**Municipal Impact:** None**Explanation**

The bill, which makes various changes including requiring the Department of Banking to convene a meeting of local representatives if the agency receives a qualified written request, is not anticipated to result in a fiscal impact to the state or municipalities.

The Out Years**State Impact:** None**Municipal Impact:** None

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)