



House of Representatives

General Assembly

File No. 105

February Session, 2022

Substitute House Bill No. 5216

House of Representatives, March 23, 2022

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 CONCERNING LOW-COST BANK ACCOUNTS.

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

1 Section 1. (NEW) (*Effective October 1, 2022*) (a) For purposes of this
2 section:

3 (1) "Banking institution" means any bank, trust company, savings
4 bank, savings and loan association or credit union, or branch of a foreign
5 banking corporation, the deposits of which are insured by the Federal
6 Deposit Insurance Corporation, that is incorporated, chartered,
7 organized or licensed under the laws of this state or any other state or
8 the United States, and, in the ordinary course of its business, offers
9 consumer transaction accounts to the general public or, in the case of a
10 credit union, to its members; and

11 (2) "Consumer transaction account" means a demand deposit
12 account, negotiable order of withdrawal account, share draft account or
13 similar account used primarily for personal, family or household
14 purposes.

15 (b) Except as otherwise provided in this section, each banking
16 institution shall make available to consumers a type of consumer
17 transaction account, to be known as a "basic banking account". A basic
18 banking account shall comply with certain guidelines, as the
19 commissioner shall prescribe by regulation adopted pursuant to
20 subsection (g) of this section, including, but not limited to, the maximum
21 amounts a banking institution shall: (1) Require as an initial deposit, if
22 any; (2) require as a minimum balance to maintain such account, if any;
23 and (3) charge per periodic cycle for the use of such account.

24 (c) A basic banking account shall: (1) Not be permitted to have any of
25 the following fees: (A) Overdraft, (B) nonsufficient funds, (C) account
26 activation, (D) closure, (E) dormancy, (F) inactivity, or (G) low balance
27 fees; and (2) offer the following to the depositor at no additional charge:
28 (A) Checks, (B) a debit card, (C) ATM access, (D) deposits, (E) check
29 cashing, and (F) electronic monthly statements.

30 (d) Except as provided in this section, a basic banking account may
31 be offered, subject to the same rules, conditions and terms normally
32 applicable to other consumer transaction accounts offered by the
33 banking institution.

34 (e) (1) A banking institution that posts, in the public area of its offices,
35 notice of the availability of its consumer transaction accounts other than
36 its basic banking accounts, shall also post equally conspicuous notice, in
37 the same public areas and in the same manner, of the availability of its
38 basic banking accounts. A banking institution that makes available in
39 the public area material describing the terms of its other consumer
40 transaction accounts, other than its basic banking accounts, shall also
41 make comparable descriptive material available, in the same such public
42 area and in the same manner, for its basic banking account.

43 (2) A banking institution that posts in the public area of its offices the
44 notices described in subdivision (1) of this subsection, shall also post
45 equally conspicuous notice, in the same public area and in the same
46 manner, of the Department of Banking's toll-free consumer hotline
47 number, that may be used to file a complaint if a consumer is not

48 satisfied with the services a banking institution provides.

49 (f) Notwithstanding the provisions of this section, any banking
50 institution that makes available to consumers (1) an alternative account
51 or other banking services determined by the commissioner to be as
52 advantageous to consumers as the basic banking account, or (2) a
53 consumer transaction account that provides the core features set forth
54 in the Bank On National Account Standards, as amended from time to
55 time, shall be in compliance with this section.

56 (g) The commissioner shall adopt regulations, in accordance with the
57 provisions of chapter 54 of the general statutes, to carry out the purposes
58 of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2022	New section

Statement of Legislative Commissioners:

In Subsec. (b), "to consumers a consumer transaction account" was changed to "to consumers a type of consumer transaction account" for clarity; in Subsec. (e)(1), "in the same manner, the availability" was changed to "in the same manner, of the availability" for grammar; in Subsec. (e)(2), "in the same manner, the Department" was changed to "in the same manner, of the Department" for grammar.

BA *Joint Favorable Subst.*

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

This bill, which requires certain banking institutions to offer consumers a basic banking account and meet minimum guidelines, does not result in any fiscal impact to the state or municipalities.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5216*****AN ACT CONCERNING LOW-COST BANK ACCOUNTS.*****SUMMARY**

This bill requires certain banking institutions to offer consumers a “basic banking account.” These accounts must:

1. offer checks, a debit card, ATM access, deposits, check cashing, and electronic monthly statements at no additional charge and
2. not charge fees for overdraft, nonsufficient funds, account activation, closure, dormancy or inactivity, or low balance.

Additionally, the accounts must meet minimum guidelines that the Banking Commissioner must prescribe by regulation. These regulations must include the maximum (1) initial deposit amount, (2) minimum balance to maintain the account, and (3) charge per periodic cycle (e.g., month) to use the account. Financial institutions must generally publicize the availability of these accounts in the same way they do for other accounts they offer.

Under the bill, the basic banking account must be a demand deposit account, negotiable order of withdrawal account, share draft account, or similar person, family, or household account (e.g., non-commercial checking or savings accounts).

The bill applies to all “banking institutions,” which are Federal Deposit Insurance Corporation insured banks, trust companies, savings banks, savings and loan associations, credit unions, or foreign bank branches. However, federal law may preempt the application of this bill to federally chartered institutions (see COMMENT).

EFFECTIVE DATE: October 1, 2022

BASIC BANKING ACCOUNTS

Under the bill, these accounts may be offered subject to the same rules, conditions, and terms normally applicable to other consumer transaction accounts the financial institution offers (i.e., noncommercial demand deposit, negotiable, share draft account, or similar accounts used primarily for personal, family, or household purposes).

Disclosures

The bill requires a banking institution that publicly posts notices that it offers consumer transaction accounts other than basic banking accounts must post equally conspicuous notices, in the same area and manner, indicating that it offers basic banking accounts as well. Similarly, the banking institutions must make descriptive material about basic banking accounts available in same manner and public area as it does for its other consumer transaction accounts. Finally, a banking institution that must post these notices must also post, in an equally conspicuous way and in the same public area and manner, the Department of Banking's toll-free consumer hotline telephone number that can be used to file customer complaints.

Alternative Accounts

In lieu of the basic banking account, the bill allows a banking institution to offer any banking or other account that the commissioner deems is at least as advantageous to consumers. Additionally, any bank that offers an account providing the core features in the Bank On National Account Standards is deemed in compliance with the bill.

COMMENT

National Bank Act (NBA) Preemption

Federal law defines a "state consumer financial law," as a state law that (1) does not discriminate against national banks and (2) directly regulates the manner, content, or terms and conditions of certain consumer financial transactions (12 U.S.C. § 25b(a)(2)). These state laws are preempted if, among other things, they significantly interfere with a national bank's exercise of its powers (12 U.S.C. § 25b(b), *Barnett Bank of Marion County, N.A. v. Nelson, Florida Insurance Commissioner, et. al.* 517

U.S. 25, 33 (1996)). Specifically, the NBA authorizes national banks to charge consumers non-interest charges and fees, including deposit account service charges (12 C.F.R. § 7.4002). State laws that attempt to limit or prohibit these charges and fees are subject to preemption as determined by the Office of the Comptroller of the Currency (OCC) (12 C.F.R. § 7.4002(d)).

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/08/2022)