

# OFFICE OF FISCAL ANALYSIS

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sSB-1033

AN ACT CONCERNING VARIOUS REVISIONS TO THE BANKING STATUTES.

As Amended by Senate "A" (LCO 8726)

Senate Calendar No.: 137

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## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 24 \$</b>	<b>FY 25 \$</b>
Banking Dept.	BF - Potential Revenue Gain	See Below	See Below
Banking Dept.	BF - Potential Cost	See Below	See Below
Various State Agencies	Various - See Below	See Below	See Below

Note: Various=Various; BF=Banking Fund

***Municipal Impact:*** None

### ***Explanation***

The bill makes various revisions and changes to the banking statutes resulting in various fiscal impacts described below.

**Sections 9-10** prohibit licensed mortgage lenders from using the services of an unlicensed lead generator. To the extent that this bill encourages unlicensed lead generators to apply for licenses, there is a potential revenue gain. Currently, there are only two lead generators licensed by the state. The initial and annual renewal fee for the lead generator license is \$500.

**Section 25** requires the Department of Banking to assist individuals with accounts at banks or credit unions when there are issues resulting from the institution's merger with another financial institution. The

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6/1/23

potential impact to the state will vary widely by fiscal year depending on the following factors: (1) the number of mergers that occur in a given fiscal year, if any, (2) the number of banks and credit unions involved in each merger, (3) whether or not the banks and credit unions involved are chartered in the state of Connecticut, (4) the total number of customers affected by the merger, (5) the extent to which individual customers are adversely affected, and (6) the number of durational staff the department requires to manage the volume of complaints received for any given merger.

**Sections 502 and 503** make several changes to the Treasurer's Community Bank program, including raising the asset limit of eligible banks from \$1 billion to \$2 billion and increasing the maximum investment pool limit from \$100 million to \$300 million. The impact of those changes is unknown, as it will depend on whether there are increased investments in community banks because of the changes and any difference between investment returns generated by the expanded Community Bank program and other short term cash flow investments.

Section 503 also requires the Treasurer to provide a list of all banks and credit unions that are eligible for the program, which results in a cost to the Office of the Treasurer to develop and update such list annually.

The bill also makes various revisions and definitional changes to the banking statutes, which are not anticipated to result in a fiscal impact to the state.

Senate "A" adds provisions on the treasurer's community banking program resulting in the impact described for sections 502 and 503. The amendment also makes various other revisions that do not result in a fiscal impact.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of licenses issued, the

number of bank mergers, the bill's effects on investment in community banks, and inflation.