
OLR Bill Analysis

HB 6877

AN ACT CONCERNING THE BANKING COMMISSIONER'S APPROVAL OF CERTAIN BANK REAL ESTATE IMPROVEMENTS AND ALTERATIONS.

SUMMARY

The bill adds a second exception to the state requirement that Connecticut banks obtain the banking commissioner's written approval before altering or improving their business real estate. Under this exception, no approval is needed for altering or improving business real estate that a Connecticut bank, or a corporation controlled by it, already owns or leases so long as the bank is (1) adequately capitalized under federal law and (2) not the subject of a pending formal enforcement action by the banking commissioner or the Federal Deposit Insurance Corporation.

Under existing law, Connecticut banks may generally acquire, alter, or improve real estate for present or future use in the bank's business with the banking commissioner's written approval. However, approval is not required for altering or improving business real estate that the bank, or a corporation controlled by it, already owns or leases if the expenditure for the alterations or improvements does not, in any one calendar year, exceed 5% of the bank's capital and surplus or \$750,000, whichever is less.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2025

APPLICABILITY

By law, a "Connecticut bank" is a Connecticut-chartered or organized bank and trust company, savings bank, or savings and loan association (CGS § 36a-2(13)).

Under existing law and the bill, a bank controls a corporation (making the corporation's real estate eligible for the exceptions) if the bank owns or holds at least 51% of the equity securities issued by the corporation, unless the banking commissioner determines that a lesser percentage constitutes effective working control (CGS § 36a-276(d)).

Subject to other conditions and provisions, a Connecticut bank is generally considered "adequately capitalized" if it has a:

1. total risk-based capital ratio of at least 8%,
2. Tier 1 risk-based capital ratio of at least 6%,
3. common equity Tier 1 capital ratio of at least 4.5%, and
4. leverage ratio of at least 4% (12 C.F.R. § 324.403(b)).

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 0 (03/06/2025)