



House of Representatives

File No. 634

General Assembly

January Session, 2021

(Reprint of File No. 227)

Substitute House Bill No. 6453
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 6, 2021

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2 repealed and the following is substituted in lieu thereof (*Effective October*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24 repealed and the following is substituted in lieu thereof (*Effective October*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, one of whom shall be
53 appointed by the speaker of the House of Representatives and one of
54 whom shall be appointed by the minority leader of the House of
55 Representatives;

56 (6) Two representatives of Connecticut credit unions, one of whom
57 shall be appointed by the president pro tempore of the Senate and one
58 of whom shall be appointed by the minority leader of the Senate;

59 (7) Four representatives of organizations representing the interests of
60 low and moderate-income communities without adequate banking
61 services, one of whom shall be appointed by the majority leader of the
62 House of Representatives, one of whom shall be appointed by the
63 majority leader of the Senate, one of whom shall be appointed by the
64 minority leader of the House of Representatives and one of whom shall
65 be appointed by the minority leader of the Senate; and

66 (8) A representative of Bank On Connecticut.

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

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

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

78 (f) Not later than January 1, 2022, the working group shall submit a
 79 report on its findings and recommendations to the joint standing
 80 committee of the General Assembly having cognizance of matters
 81 relating to banking, in accordance with the provisions of section 11-4a
 82 of the general statutes. The working group shall terminate on the date
 83 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

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 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.

House "A" makes changes related to the working group which has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6453 (as amended by House "A")******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 an 18-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.

*House Amendment "A" (1) increases the working group's membership, from 15 to 18 members, by adding a representative of Bank On Connecticut and including four, rather than two, representatives of organizations that represent the interests of communities that lack

adequate bank services and (2) modifies appointing authorities to include appointments for House and Senate minority leaders.

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. a representative of Bank On Connecticut;
5. two representatives of Connecticut banks, one each appointed by the House speaker and House minority leader;

6. two representatives of Connecticut credit unions, one each appointed by the Senate president pro tempore and Senate minority leader; and
7. four representatives of organizations representing the interest of low- and moderate-income communities without adequate banking services, one appointed each by the House and Senate majority and minority 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)