



2024 Acts Affecting Banking

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Notice to Readers

This report provides summaries of new laws (public acts) significantly affecting the banking industry enacted during the 2024 regular legislative session and June Special Session (JSS). OLR's other Acts Affecting reports are, or will soon be, available on [OLR's website](#).

Each summary indicates the public act (PA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden. Complete summaries of public acts are, or will soon be, available on [OLR's website](#).

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or [General Assembly's website](#).

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Attorney General and Consumer Protection

A new law expands the attorney general’s pre-trial investigative authority to enforce the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) by, among other things, authorizing him to issue subpoenas for documentary material, testimony, or responses to written interrogatories. It requires the attorney general to coordinate subpoenas with the banking commissioner and sets out several procedures for this process. It also allows him to apply to a Superior Court to enforce a subpoena, including requesting that the court impose a civil penalty of up to \$10,000 ([PA 24-75](#), effective October 1, 2024).

Coerced Debt

New legislation prohibits anyone from knowingly making another individual liable for “coerced debt” (i.e., generally, certain credit card debt incurred by a domestic violence victim who was coerced into incurring it). The act also imposes specific obligations and responsibilities on coerced debt “claimants” (e.g., consumer collection agencies). Specifically, if a victim gives a claimant certain information and documentation that a debt is coerced debt, the claimant must pause all collection activities on the debt for at least 60 days, review the victim’s submission and other available information it has, and then continue or end its collection based on the review. Among other things, if a claimant ends collection activities against a victim, and had given negative information about the victim to a consumer credit reporting agency, then the claimant must notify the agency to delete the information ([PA 24-77](#), effective January 1, 2025).

Connecticut Uniform Trust Decanting Act

This session, the legislature adopted the Connecticut Uniform Trust Decanting Act. Generally, a trust decanting occurs when a trust’s authorized fiduciary, in line with authority granted under the trust, modifies the trust’s terms or distributes property from it to another trust.

The act generally allows decanting for express irrevocable trusts, or under limited circumstances, revocable trusts. It does not allow decanting of wholly charitable trusts (but sets rules for decanting of charitable interests within other trusts). Authorized fiduciaries generally (1) do not need court approval for decanting, except for testamentary trusts, but (2) must notify qualified beneficiaries and in some cases, certain state officials.

Among other things, the act (1) sets specific standards for decanting involving special needs trusts for a beneficiary with a disability and (2) sets certain limits on the decanting power, such as limits to avoid unintended tax consequences ([PA 24-104](#), effective January 1, 2025).

Credit Rating Agencies

Medical Debt Reporting

New legislation prohibits Connecticut health care providers and hospitals from reporting medical debt to credit rating agencies for use in a credit report. It also voids any medical debt reported to credit agencies. Under the act, “medical debt” is an obligation to pay for received health care goods (e.g., devices, durable medical equipment, and prescription drugs) or services (i.e., services for the diagnosis, prevention, treatment, cure, or relief of a health condition, illness, injury, or disease). The act excludes debts charged to a credit card unless the card is issued under a plan offered specifically to pay for these goods or services ([PA 24-6](#), effective July 1, 2024).

Financial Accounts

Deadline for Financial Records to the Department of Social Services (DSS)

New legislation principally requires financial institutions to provide customer financial records to the DSS commissioner, or anyone deputized by her, within 20 calendar days after receiving a certificate signed by either. Prior law did not impose a specific deadline, but instead generally required anyone with information about someone’s eligibility for certain state aid, care, or child enforcement services (e.g., Medicaid and child support payment collections) to disclose it when presented with a certificate signed by, among others, the DSS commissioner or anyone deputized by her ([PA 24-84](#), effective October 1, 2024).

Innovation Banks

A new law replaces all references to “uninsured banks” in the state’s banking laws with “innovation banks.” In doing so, it makes the requirements and conditions that apply to uninsured banks under prior law apply to innovation banks instead. The act generally defines “innovation bank” similarly to “uninsured bank” (i.e., a Connecticut-chartered or -organized bank and trust company, savings bank, or savings and loan association that does not accept retail deposits). By law, “retail deposits” are deposits by anyone other than accredited investors as defined in federal securities regulations ([SB 501, JSS](#), §§ 14-29, effective July 1, 2024).

Martin Luther King, Jr. Corridors

This session, the legislature increased, from three to seven, the number of Martin Luther King, Jr. Corridors the banking commissioner must delegate. By law, the designation’s purpose is to promote secured and unsecured lending in the state. In practice, the designation has been used to help

facilitate area-specific economic development planning initiatives in the corridors ([PA 24-23](#), effective October 1, 2024).

Money Judgments

Discovery Requests Related to Professional Service Providers' Clients

A new law amends court procedures after a money judgment has been rendered by prohibiting any party from compelling disclosure of the names and addresses of the clients of an individual or entity that provides professional services when it would violate state or federal law, or the applicable rules of professional conduct governing the profession. This prohibition applies regardless of an existing law that allows judgment creditors to obtain discovery from, and serve interrogatories on, any financial institution, among others, on matters related to satisfying the money judgment. Under the new law, “professional services” are generally any type of service to the public that requires members of a profession rendering the service to first obtain a license or other legal authorization ([PA 24-108](#), § 36, effective October 1, 2024).

Judgment Liens and the Foreclosure Mediation Program

New legislation requires judgment creditors to give judgment debtors specific information about the foreclosure mediation program when serving a complaint for a consumer judgment lien on real property and gives the judgment debtor the option to participate in the program. Generally, by law, the program assists homeowners and lenders achieve a mutually agreeable resolution to a foreclosure action through a mediation process and a “consumer judgment” is a money judgment of less than \$5,000. Under the act, if the judgment debtor chooses to participate in the program, the:

1. judgment debtor must be entitled to the rights and assume the obligations of a mortgagor under the program and
2. judgment creditor must be entitled to the rights and assume the obligations of a mortgagee under the program, except instead of mortgage-specific information, the creditor must provide a copy of the underlying judgment and an accounting of current interest and other charges incurred for the time prescribed by state statute ([PA 24-108](#), § 29, effective October 1, 2024).

Mortgages and Real Property

Emergency Mortgage Assistance

A new law makes several changes to the Connecticut Housing Finance Authority’s (CHFA) Emergency Mortgage Assistance Payment program, which is a state-funded loan program that

helps homeowners make mortgage, certain lien, or condominium assessment payments. Among other things, the new law:

1. potentially expands program eligibility by redefining “aggregate household income” to consider only the total income of household adults when making a financial hardship determination;
2. removes utility and heating expenses from the total housing expense calculation that allows for program participation;
3. allows CHFA to use equity as evidence of a homeowner’s ability to timely repay mortgage assistance; and
4. authorizes CHFA to make lump sum payments to mortgagees and gives it other flexibility in making program payments and setting repayment agreement terms (e.g., concerning interest accrual) ([PA 24-66](#), effective October 1, 2024).

Unclaimed Property

New legislation makes various changes to Connecticut’s unclaimed property laws, under which most property held or owed in the state that remains unclaimed by the owner is presumed abandoned after a specified amount of time passes and escheats to the state as abandoned (or unclaimed) property. The changes include (1) establishing circumstances under which virtual currency is presumed abandoned and subject to these laws, (2) requiring banking and financial organizations to liquidate abandoned virtual currency before delivering the proceeds to the treasurer, and (3) expanding the notice requirements for certain unclaimed property holders ([PA 24-114](#), §§ 1-3, effective July 1, 2024).

Virtual Currency Regulation

Building on [PA 23-82](#), the legislature passed a law this session further regulating virtual currency. Principally, the new law (1) explicitly adds nonfungible tokens (“NFTs”) to the non-exhaustive list of digital assets the banking commissioner may regulate; (2) caps the total amount of service fees and commission charges for virtual currency kiosks at 15% per transaction; (3) modifies and bifurcates the current maximum daily kiosk transaction limit, based on whether the person is a new or existing customer; (4) imposes several safeguard duties on kiosk owners and operators, including that they identify and speak by telephone with a customer over age 60 before he or she completes his or her first virtual currency transaction; and (5) limits the availability of kiosk refunds to fraudulent transactions ([PA 24-146](#), effective October 1, 2024).

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