



General Assembly

Amendment

January Session, 2023

LCO No. 8726



Offered by:

SEN. MILLER P., 27th Dist.
REP. DOUCETTE, 13th Dist.
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REP. DELNICKI, 14th Dist.

To: Subst. Senate Bill No. 1033

File No. 209

Cal. No. 137

"AN ACT CONCERNING VARIOUS REVISIONS TO THE BANKING STATUTES."

1 In line 42, before "and" insert "; [" and after "state;" insert a closing
2 bracket

3 Strike section 7 in its entirety and substitute the following in lieu
4 thereof:

5 "Sec. 7. (NEW) (*Effective October 1, 2023*) (a) As used in this section:

6 (1) "Borrower" means a debtor, retail buyer or lessee under a loan,
7 retail installment contract or lease for the purchase, refinancing or lease
8 of a motor vehicle;

9 (2) "Creditor" means a lender, retail seller or lessor under a loan, retail
10 installment contract or lease for the purchase, refinancing or lease of a
11 motor vehicle;

12 (3) "Debt waiver" means an excess wear and use waiver or
13 guaranteed asset protection waiver other than an excess wear and use
14 waiver or guaranteed asset protection waiver offered by any bank,
15 Connecticut credit union or federal credit union, as those terms are
16 defined in section 36a-2 of the general statutes, as amended by this act;

17 (4) "Excess wear and use waiver" means a contractual agreement,
18 entered into on or after January 1, 2024, in which a creditor agrees, with
19 or without a separate charge, to cancel or waive all or part of the
20 amounts that may become due from a borrower under a motor vehicle
21 lease agreement as a result of excessive wear and use of a leased motor
22 vehicle, including, but not limited to, excess mileage, which contractual
23 agreement is a part of, or a separate addendum to, the lease agreement;
24 and

25 (5) "Guaranteed asset protection waiver" means a contractual
26 agreement, entered into on or after January 1, 2024, in which a creditor
27 agrees, with or without a separate charge, to cancel or waive all or part
28 of the amounts due from a borrower under a retail installment contract
29 or an installment loan contract in the event of a total physical damage
30 loss or an unrecovered theft of a motor vehicle, which agreement is a
31 part of, or a separate addendum to, the retail installment contract or
32 installment loan contract, and which may provide, with or without a
33 separate charge, a benefit that waives an amount or provides a borrower
34 with a credit toward the purchase of a replacement motor vehicle.

35 (b) A debt waiver shall not be considered insurance for any purpose
36 and shall not be subject to the refund requirements set forth in section
37 36a-773 of the general statutes.

38 (c) Any amount charged or financed for a debt waiver is an
39 authorized charge that shall be separately stated and shall not be
40 construed to be a finance charge or interest.

41 (d) (1) Each debt waiver shall be cancellable and shall provide the
42 following:

43 (A) If the borrower cancels such waiver not later than the sixtieth day
44 after the effective date of such waiver and no benefits have been
45 provided under such waiver, the borrower shall be entitled to a full
46 refund of the amount the borrower paid for such waiver;

47 (B) If the borrower cancels such waiver later than the sixtieth day
48 after the effective date of such waiver, or if there is an early termination
49 of the retail installment contract, installment loan or motor vehicle lease
50 agreement, and no benefits have been provided under such waiver, the
51 borrower shall be entitled to a pro rata refund of the amount the
52 borrower paid for such waiver, less any cancellation fee included in the
53 terms of the waiver; and

54 (C) If the borrower cancels such waiver at any time during its term
55 and benefits have been provided under such waiver, the borrower shall
56 not be entitled to any refund.

57 (2) Any debt waiver cancellation fee shall be included in the terms of
58 the waiver and shall not exceed fifty dollars.

59 (e) A creditor shall provide, or shall cause a retail seller to provide, a
60 refund due to a borrower pursuant to this section not later than sixty
61 days after the creditor receives the borrower's cancellation concerning
62 such refund, without requiring the borrower to request the refund."

63 Strike lines 1868 to 1918, inclusive, in their entirety and substitute the
64 following in lieu thereof:

65 "(1) (1) Not later than January 1, 2024, a Connecticut bank may,
66 provided the Connecticut bank notifies the commissioner of such
67 election, in writing, not later than said date, elect to use equity capital
68 and adjusted allowances for credit losses, instead of capital and surplus,
69 for the purposes of: (A) Calculating the limitations established in
70 subsection (a) of this section on liabilities of any one obligor; (B)
71 calculating the limitations established in subsection (a) of this section on
72 obligations as endorser or guarantor of negotiable or nonnegotiable
73 installment consumer paper which carry an agreement to repurchase on

74 default; (C) determining the exceptions from limitations established in
75 subsection (f) of this section on obligations of the United States or this
76 state, or of any town, city, borough or legally established district in this
77 state which has the power to levy taxes for the payment of such
78 obligations; (D) determining the exceptions from limitations established
79 in subsection (g) of this section on obligations of any one obligor, with
80 the exception of loans secured by mortgage of real estate and insured by
81 the Federal Housing Administrator, which are secured or covered by
82 guaranties, or by commitments or agreements to take over or to
83 purchase, made by the United States or the Federal Reserve Bank or by
84 any department, bureau, board, commission or establishment of the
85 United States, including any corporation wholly owned, directly or
86 indirectly by the United States, which, at the time of making such
87 guaranty or commitment or agreement to take over or purchase, is
88 authorized by law to enter into contracts with any financing institution
89 guaranteeing such financing institution against loss of principal and
90 interest on loans, taxes or advances or agreeing to take over or purchase
91 the same; (E) calculating the limitations on any one obligor established
92 in subsection (h) of this section; (F) calculating the limitations
93 established in subsection (i) of this section on the amount of bills of
94 exchange a Connecticut bank may accept; (G) determining the
95 exceptions from limitations on obligations established in subsection (j)
96 of this section; and (H) calculating the limitations established in
97 subsection (k) of this section on obligations which are secured by a first
98 mortgage on real estate.

99 (2) Any Connecticut bank that makes the election as provided in
100 subdivision (1) of this subsection may subsequently elect, provided such
101 Connecticut bank notifies the commissioner, in writing, that such
102 Connecticut bank has made such subsequent election, to use capital and
103 surplus, instead of equity capital and adjusted allowances for credit
104 losses, for the purposes of: (A) Calculating the limitations established in
105 subsection (a) of this section on liabilities of any one obligor; (B)
106 calculating the limitations established in subsection (a) of this section on
107 obligations as endorser or guarantor of negotiable or nonnegotiable

108 installment consumer paper which carry an agreement to repurchase on
109 default; (C) determining the exceptions from limitations established in
110 subsection (f) of this section on obligations of the United States or this
111 state, or of any town, city, borough or legally established district in this
112 state which has the power to levy taxes for the payment of such
113 obligations; (D) determining the exceptions from limitations established
114 in subsection (g) of this section on obligations of any one obligor, with
115 the exception of loans secured by mortgage of real estate and insured by
116 the Federal Housing Administrator, which are secured or covered by
117 guaranties, or by commitments or agreements to take over or to
118 purchase, made by the United States or the Federal Reserve Bank or by
119 any department, bureau, board, commission or establishment of the
120 United States, including any corporation wholly owned, directly or
121 indirectly by the United States, which, at the time of making such
122 guaranty or commitment or agreement to take over or purchase, is
123 authorized by law to enter into contracts with any financing institution
124 guaranteeing such financing institution against loss of principal and
125 interest on loans, taxes or advances or agreeing to take over or purchase
126 the same; (E) calculating the limitations on any one obligor established
127 in subsection (h) of this section; (F) calculating the limitations
128 established in subsection (i) of this section on the amount of bills of
129 exchange a Connecticut bank may accept; (G) determining the
130 exceptions from limitations on obligations established in subsection (j)
131 of this section; and (H) calculating the limitations established in
132 subsection (k) of this section on obligations which are secured by a first
133 mortgage on real estate."

134 Strike lines 2026 to 2033, inclusive, in their entirety

135 Strike lines 2114 to 2120, inclusive, in their entirety

136 Strike lines 2204 to 2210, inclusive, in their entirety

137 In line 2223, strike "and"

138 In line 2224, after "district" insert "; or (D) any combination thereof"

139 Strike section 25 in its entirety and substitute the following in lieu
140 thereof:

141 "Sec. 25. (NEW) (*Effective October 1, 2023*) (a) For purposes of this
142 section:

143 (1) "Connecticut bank" has the same meaning as provided in section
144 36a-2 of the general statutes, as amended by this act;

145 (2) "Connecticut credit union" has the same meaning as provided in
146 section 36a-2 of the general statutes, as amended by this act;

147 (3) "Federal credit union" has the same meaning as provided in
148 section 36a-2 of the general statutes, as amended by this act;

149 (4) "Financial institution" has the same meaning as provided in
150 section 36a-41 of the general statutes;

151 (5) "Out-of-state bank" has the same meaning as provided in section
152 36a-2 of the general statutes, as amended by this act; and

153 (6) "Out-of-state credit union" has the same meaning as provided in
154 section 36a-2 of the general statutes, as amended by this act.

155 (b) The Banking Commissioner shall:

156 (1) Provide timely assistance to any person holding an account at a
157 financial institution concerning any matter relating to the financial
158 institution following the financial institution's merger with another
159 financial institution;

160 (2) Receive and review complaints by persons holding accounts at a
161 financial institution following the financial institution's merger with
162 another financial institution, and if any financial institution that is a
163 party to such merger is a Connecticut bank or Connecticut credit union,
164 investigate such complaints;

165 (3) Communicate complaints concerning a financial institution,
166 following a merger involving the financial institution, to the primary

167 regulator of such financial institution if such financial institution is an
168 out-of-state bank, out-of-state credit union or federal credit union;

169 (4) Assist persons who submit complaints under subdivision (2) of
170 this subsection to understand their rights and responsibilities
171 concerning such complaints;

172 (5) Provide information to the public, state agencies, legislators and
173 other persons regarding the problems and concerns of persons who
174 submit complaints under subdivision (2) of this subsection, and make
175 recommendations to resolve such problems and concerns;

176 (6) Analyze and monitor the development and implementation of
177 federal, state and local laws, regulations and policies relating to financial
178 institutions and the merger of financial institutions, and recommend
179 any changes to such laws, regulations or policies the Banking
180 Commissioner deems necessary;

181 (7) Review information relating to complaints involving Connecticut
182 banks and Connecticut credit unions submitted under subdivision (2) of
183 this subsection, for any person who provides written consent for such
184 review;

185 (8) Disseminate information on the Department of Banking's Internet
186 web site concerning the availability of the department's personnel for
187 assisting persons holding accounts at financial institutions with their
188 concerns relating to financial institution mergers; and

189 (9) Take any other action the Banking Commissioner deems
190 necessary to fulfill the commissioner's duties under this subsection.

191 (c) On or before January 1, 2025, and annually thereafter, the Banking
192 Commissioner shall submit a report, in accordance with the provisions
193 of section 11-4a of the general statutes, to the joint standing committee
194 of the General Assembly having cognizance of matters relating to
195 banking. Each report shall: (1) Summarize the analysis conducted by the
196 Banking Commissioner pursuant to subdivision (6) of subsection (b) of

197 this section for the preceding calendar year; and (2) recommend any
198 changes to federal, state and local laws, regulations and policies relating
199 to the merger of financial institutions the Banking Commissioner deems
200 necessary."

201 After the last section, add the following and renumber sections and
202 internal references accordingly:

203 "Sec. 501. Section 36a-609 of the general statutes is repealed and the
204 following is substituted in lieu thereof (*Effective October 1, 2023*):

205 The provisions of sections 36a-597 to 36a-607, inclusive, and sections
206 36a-611 and 36a-612 shall not apply to:

207 (1) Any federally insured federal bank, out-of-state bank, Connecticut
208 bank, Connecticut credit union, federal credit union or out-of-state
209 credit union, provided such institution does not engage in the business
210 of money transmission in this state through any person who is not (A) a
211 federally insured federal bank, out-of-state bank, Connecticut bank,
212 Connecticut credit union, federal credit union or out-of-state credit
213 union, (B) a person licensed pursuant to sections 36a-595 to 36a-612,
214 inclusive, or an authorized delegate acting on behalf of such licensed
215 person, or (C) a person exempt pursuant to [subdivision (2) or (3)]
216 subdivisions (2) to (4), inclusive, of this section;

217 (2) Any Connecticut bank that is an uninsured bank organized
218 pursuant to subsection (t) of section 36a-70;

219 [(2)] (3) The United States Postal Service and any contractor that
220 engages in the business of money transmission in this state on behalf of
221 the United States Postal Service; and

222 [(3)] (4) A person whose activity is limited to the electronic funds
223 transfer of governmental benefits for or on behalf of a federal, state or
224 other governmental agency, quasi-governmental agency or government
225 sponsored enterprise.

226 Sec. 502. Section 3-24j of the general statutes is repealed and the

227 following is substituted in lieu thereof (*Effective July 1, 2023*):

228 As used in this section and sections 3-24k and 3-24l, as amended by
229 this act:

230 (1) "Community bank" means a bank [that is domiciled in this state
231 and has assets of not more than one billion dollars;] and trust company,
232 savings bank or savings and loan association chartered or organized
233 under the laws of this state; and

234 (2) "Community credit union" means a [federal credit union, as
235 defined in section 36a-2, the membership of which is limited to persons
236 or organizations within a well-defined local community, neighborhood
237 or rural district as provided in the Federal Credit Union Act, 12 USC
238 Section 1759(b)(3), as from time to time amended, that has assets of not
239 more than one billion dollars or a state credit union that has assets of
240 not more than one billion dollars; and] cooperative, nonprofit financial
241 institution that (A) is organized under chapter 667 and the membership
242 of which is limited as provided in section 36a-438a, as amended by this
243 act, (B) operates for the benefit and general welfare of its members with
244 the earnings, benefits or services offered being distributed to or retained
245 for its members, and (C) is governed by a volunteer board of directors
246 elected by and from its membership.

247 [(3) "State credit union" means a cooperative, nonprofit financial
248 institution that (A) is organized under chapter 667 and the membership
249 of which is limited to persons within a well-defined community,
250 neighborhood or rural district as provided in section 36a-438a, (B)
251 operates for the benefit and general welfare of its members with the
252 earnings, benefits or services offered being distributed to or retained for
253 its members, and (C) is governed by a volunteer board of directors
254 elected by and from its membership.]

255 Sec. 503. Section 3-24k of the general statutes is repealed and the
256 following is substituted in lieu thereof (*Effective July 1, 2023*):

257 (a) The State Treasurer may establish a program under which the

258 State Treasurer may, based on cash availability, make available a pool
259 of funds not exceeding [one] three hundred million dollars for
260 investment with eligible community banks and community credit
261 unions. Such funds shall be obtained from the state's operating cash
262 managed by the State Treasurer.

263 (b) (1) The State Treasurer shall establish eligibility criteria for any
264 program established under subsection (a) of this section. Such eligibility
265 criteria shall include, at a minimum, an asset limit for community banks
266 and community credit unions to participate in such program. Such asset
267 limit shall provide that: (A) During the period beginning July 1, 2023,
268 and ending September 29, 2024, no community bank or community
269 credit union with assets exceeding two billion dollars may participate in
270 such program; and (B) beginning September 30, 2024, no community
271 bank or community credit union may participate in such program if
272 such community bank's or community credit union's assets exceed the
273 sum of (i) the preceding asset limit established by the State Treasurer,
274 and (ii) the median percentage loan growth of community banks and
275 community credit unions eligible for the program at the time when the
276 State Treasurer establishes such asset limit. As used in this subsection,
277 "median percentage loan growth" means the middle value representing
278 the percentage increase or decrease, as the case may be, in loan assets
279 over a period of time reflected on the balance sheet of a specified group
280 of lenders.

281 (2) Not later than July 1, 2024, and annually thereafter, the State
282 Treasurer shall provide to the Department of Banking a list of the
283 community banks and community credit unions that are eligible to
284 participate in such program at the time when the State Treasurer
285 provides each such list to the department. Not later than August 31,
286 2024, and annually thereafter, the Department of Banking shall provide
287 to the State Treasurer the median percentage loan growth of each such
288 community bank and community credit union.

289 [(b)] (c) The State Treasurer shall establish a schedule for making such
290 investments with such banks and credit unions.

291 [(c)] (d) The State Treasurer shall establish a competitive bidding
 292 procedure under which such banks and credit unions may compete for
 293 investment-related services under said program.

294 [(d)] (e) The State Treasurer may establish capital standards for such
 295 banks and credit unions wishing to participate in said program.

296 Sec. 504. Section 4 of substitute house bill 6688 of the current session,
 297 as amended by House Amendment Schedule "A", is repealed. (*Effective*
 298 *July 1, 2023*)"

This act shall take effect as follows and shall amend the following sections:		
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Sec. 7	<i>October 1, 2023</i>	New section
Sec. 25	<i>October 1, 2023</i>	New section
Sec. 501	<i>October 1, 2023</i>	36a-609
Sec. 502	<i>July 1, 2023</i>	3-24j
Sec. 503	<i>July 1, 2023</i>	3-24k
Sec. 504	<i>July 1, 2023</i>	Repealer section