Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 518 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

CONTENT

The bill would amend the Banking Code to do all of the following:

- Allow a Michigan bank to establish and operate a branch within any state, the District of Columbia, or a territory or protectorate of the United States, rather than just within Michigan.
- Allow an out-of-state bank located in another state, the District of Columbia, or a U.S. territory or protectorate to establish branches in Michigan, if the laws of that bank's state, district, territory, or protectorate permitted the establishment of a branch by a Michigan bank.
- With the written approval of the Commissioner of the Financial Institutions Bureau (FIB), allow an out-of-state bank, national bank, savings and loan association, or savings bank to contract with a Michigan bank to provide services to the customers of the out-of-state bank, national bank, association, or savings bank.
- Allow the Commissioner to examine branches of out-of-state banks located in Michigan and to take actions against an out-of-state bank branch located in Michigan that would be allowed if the branch were a Michigan bank.
- Allow a bank to buy branches from or sell branches to a bank, out-of-state bank, national bank, association, or savings bank, and reduce from two-thirds to a simple majority the vote of a bank's board of directors needed to buy or sell all or substantially all of the bank's assets.
- Authorize the consolidation of a bank with other consolidating organizations to form a consolidated bank or consolidated organization, and specify that there would be no limit on the amount or share of deposits held or controlled in Michigan by any bank on a consolidated basis.
- Provide for the operation in Michigan of a foreign bank's branch or representative office.
- Reduce from 7-1/2 cents to four cents per $1,000 of assets the minimum annual supervisory fee that each bank is required to pay under the Code, and delete a provision allowing the FIB Commissioner to assess a supplementary fee.

MCL 487.305 et al. Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill would enable the Financial Institutions Bureau to collect only the amount of revenue needed to examine and evaluate the records of banks and financial institutions regulated through the Banking Code. The reduction of the minimum annual supervisory fee from 7-1/2 cents to 4 cents for each $1,000 of total assets would permit the Commissioner to adjust all fees to reflect the large increase in Statewide assets that occurred when the National Bank of Detroit became a State bank. Total revenue is expected to be $6,229,100 in FY 1994-95 and $7,121,400 in FY 1995-96.

Date Completed: 5-25-95 Fiscal Analyst: K. Lindquist

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