



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1018 (as reported without amendment)
Sponsor: Senator Loren Bennett
Committee: Financial Services

CONTENT

The bill would amend the Banking Code's interstate branching provisions to specify that the Financial Institutions Bureau (FIB) Commissioner's periodic schedule of fees would apply to institutions, out-of-state banks, national banks, and foreign banks; revise the conditions under which a corporation may act as a fiduciary; require notification, rather than approval, of the FIB Commissioner before certain actions are allowed; provide for the continuation of a bank holding company's written agreement regarding loans made in Michigan to Michigan residents, even though the authorizing section has been repealed; and require an out-of-state bank, national bank, or foreign bank operating in Michigan to maintain an agent in Michigan for service of process.

An out-of-state bank authorized to exercise trust powers under another state's laws could act as a fiduciary, provided that the laws of the jurisdiction under which it was chartered allowed a Michigan bank to exercise trust powers in its jurisdiction. Similarly, a national bank authorized to exercise trust powers under the National Bank Act could act as a fiduciary, provided that the national bank was located in Michigan, or, if the national bank were located in another jurisdiction, the laws where the national bank was located allowed a Michigan bank to exercise trust powers in that jurisdiction. A national bank authorized to exercise trust powers under the bill could do so only to the extent that a bank may exercise trust powers under the Code.

The bill would require that each out-of-state bank, foreign bank, and national bank operating in Michigan designate and maintain an agent, located in Michigan, upon whom process for judicial and administrative matters could be served. Each out-of-state bank, foreign bank, and national bank would have to provide written notice containing the agent's name and address to the FIB Commissioner before it commenced operations in Michigan.

MCL 487.325 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill would allow the Financial Institutions Bureau Commissioner to establish a fee schedule for out-of-State banks, national banks, and foreign banks. These fees would increase the amount of revenue coming in to the Bureau but would be used to cover the increased administrative costs associated with adding these three new types of banks to the fee schedule.

This bill also would require that the Commissioner be notified of certain actions, as opposed to the current approval process. This change would reduce revenue as the application fee applied to banks seeking various approvals would no longer be collected. The notification requirement would reduce the administrative responsibilities of the Bureau, so there would be no fiscal impact.

Date Completed: 5-16-96

Fiscal Analyst: M. Barsch

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.