



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5833 (Substitute S-1 as reported)
Sponsor: Representative Gary L. Randall
House Committee: Commerce
Senate Committee: Financial Services

CONTENT

The bill would create the "Savings Bank Act" to provide for the incorporation, regulation, supervision, and internal administration of savings banks (State banking corporations organized or reorganized under the bill); prescribe the powers, rights, and immunities of savings banks; and prescribe the powers and duties of the Financial Institutions Bureau regarding savings banks.

The Financial Institutions Bureau (FIB) would have jurisdiction over, and would have to execute the laws relating to, savings banks that transacted business in Michigan. The bill provides that it would be the duty of the FIB Commissioner to maximize the capacity of savings banks in Michigan to offer convenient and efficient financial services, to promote home ownership and economic development, and to ensure that savings banks remained competitive with other types of financial institutions and providers of financial services. The bill would do the following: prescribe the powers and duties of the FIB Commissioner, including the power to appoint examiners and other employees to carry out the bill's provisions, promulgate rules, establish a schedule of annual supervisory fees to be paid by savings banks, and initiate procedures to remove from office a director or officer of a savings bank; allow one or more persons to form a corporation to conduct a savings bank business; regulate the corporate structure of a savings bank; authorize savings banks to issue shares of stock; require a savings bank to be managed by a board of directors; authorize a savings bank to engage in the business of banking and exercise all powers incidental to the business; specify that all mortgages and other securities, and the personal property of a savings bank would be exempt from taxation; allow a savings bank, with the approval of the FIB Commissioner, to consolidate with any number of consolidating organizations to form a consolidate savings bank; provide for the regulation of capital requirements, the receipt of and withdrawal of deposits, the pledging of assets, and the transfer of a savings bank's assets; and provide for the appointment, and prescribe the powers and duties of, a conservator or receiver.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would increase the regulatory duties and therefore the administrative costs of the Financial Institutions Bureau of the Department of Consumer and Industry Services. These increased costs, however, would be offset by the supervisory fees the bill would allow the Commissioner to charge the new savings banks for this service.

Date Completed: 5-23-96

Fiscal Analyst: M. Barsch

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