
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bills 4603 through 4605 (Substitutes H-1 as reported without amendment)

Sponsor: Representative Greg Kaza (House Bill 4603)
Representative Michael Griffin (House Bill 4604)
Representative John Gernaat (House Bill 4605)

House Committee: Commerce
Senate Committee: Financial Services

CONTENT

House Bills 4603 (H-1), 4604 (H-1), and 4605 (H-1) would amend, respectively, the Banking Code, the Savings Bank Act, and the Savings and Loan Act to allow out-of-state banks, savings banks, and savings and loan associations to organize a branch in Michigan. In addition, the bills would allow those institutions to pledge assets to secure funds of political subdivisions of the State.

The bills would allow an out-of-state bank, an out-of-state savings bank, or a foreign savings and loan association to apply to organize a branch in Michigan by providing to the Commissioner of the Financial Institutions Bureau (FIB) proof that its deposits were insured by an agency of the United States government. If the Commissioner determined, after receiving the proof of deposit insurance, that the bank, savings bank, or savings and loan association was subject to regulation and that there existed an agreement for exchange of supervisory information between the FIB and the out-of-state entity's regulator, the FIB Commissioner would have to provide the bank, savings bank, or savings and loan association with a certificate of organization and eligibility to accept deposits and investments of public funds of the State and local units of government.

The Banking Code, Savings Bank Act, and Savings and Loan Act allow a bank, savings bank, or savings and loan association, with the written consent of the FIB Commissioner, to pledge its assets in an amount that does not exceed 10% of the bank's, savings bank's, or savings and loan association's total deposits, for the purpose of securing certain public funds, including the funds of some entities considered to be political subdivisions (i.e., the Mackinac Bridge Authority and the International Bridge Authority). The Banking Code and the Savings Bank Act specifically prohibit banks and savings banks from pledging their assets, however, for the purpose of securing funds belonging to any other political subdivision of the State. Under the bills, a bank, savings bank, or savings and loan association could pledge its assets of up to 10% of total deposits for the purpose of securing funds belonging to any political subdivision of the State.

MCL 487.471 & 487.531 (H.B. 4603)
487.3508 et al. (H.B. 4604)
491.606 et al. (H.B. 4605)

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 5-27-97

Fiscal Analyst: M. Tyszkiewicz

[floor/hb4603](#)

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.