AN ACT

Amending the act of May 15, 1933 (P.L.565, No.111), entitled "An act relating to the powers and duties of the Department of Banking and Securities and the Secretary of Banking and Securities in exercising supervision over, and taking possession of and conducting or liquidating the business and property of, corporations, associations, and persons receiving deposits or otherwise transacting a banking business, corporations acting as fiduciaries, and building and loan associations; providing for the payment of the expenses of the Department of Banking by supervised corporations, associations, or persons, and appropriating the Banking Department Fund; authorizing the Department of Banking, under certain circumstances, to examine corporations, associations, or persons affiliated, or having business transactions with supervised corporations, associations or persons; authorizing appeals to the Supreme Court, and prescribing and limiting the powers and duties of certain other courts and their prothonotaries, registers of wills, recorders of deeds, and certain State departments, commissions, and officers; authorizing certain local public officers and State departments to collect fees for services rendered under this act; regulating securities; providing penalties; and repealing certain acts and parts of acts," in banking and securities, further providing for fund.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 1113-A of the act of May 15, 1933 (P.L.565, No.111), known as the Department of Banking and...
Securities Code, is amended to read:

Section 1113-A.  [Fund] Trust funds; money received from licensees.

(a) [Continuation] Banking Trust Fund.--The Banking Department Fund [is] redesignated as the Banking Fund[. is] converted into a trust fund to be administered for the benefit of institutions, credit unions, licensees and their customers, except for persons subject to regulation under the act of December 5, 1972 (P.L.1280, No.284), known as the Pennsylvania Securities Act of 1972. The fund shall be administered by the department. All interest earned from the investment or deposit of money accumulated in the fund shall be deposited in the fund for the same use. All money deposited into the fund shall be held in trust and shall not be considered general revenue of the Commonwealth and shall be used only to effectuate the purposes of this section as determined by the department and shall be subject to audit by the Auditor General.

(b) Sources of the Banking Trust Fund.--The sources of the fund are as follows:

(1) Money collected or received by the department arising from:

(i) fees, assessments, charges and penalties relating to the regulation of [associations,] credit unions, institutions and licensees;

(ii) the sale by the Department of General Services of unserviceable property originally paid for out of the fund; and

(iii) similar sources.

(2) The sources of the fund shall not include fees, assessments, charges and penalties generated from:
(i) the [act of December 5, 1972 (P.L.1280, No.284),
known as the] Pennsylvania Securities Act of 1972; [or]
(ii) the act of March 3, 1976 (P.L.42, No.19), known
as the Takeover Disclosure Law[.]; or
(iii) portions of the money under paragraph (1)
determined by the secretary to be paid into the
Institution Resolution Trust Fund under subsection (g).

(c) Use of the Banking Trust Fund.--The fund shall be used
by the department to pay its expenses relating to the
examination and regulation of institutions, credit unions and
licensees, except for persons subject to regulation under the
Pennsylvania Securities Act of 1972, including the following:

(1) Salaries of the secretary, the deputies, the
examiners, the other employees of the department and
attorneys.

(2) Rental and other expenses for offices, rooms, garage
space and other accommodations, regardless of the
municipality in which they are located, occupied by the
department. This paragraph excludes offices, rooms, garage
space and accommodations in the Capitol Complex.

(3) Premiums for workers' compensation insurance
covering the officers and employees of the department.

(4) Premiums for surety bonds for officers and employees
of the department required by law to furnish the bonds.

(5) Furniture, stationery, materials, supplies and
overhead expenses of the department.

(c.1) Operating reserves of the Banking Trust Fund.--The
fund shall maintain an adequate operating reserve as determined
by the secretary to be necessary to ensure the ability of the
department to continue to pay its expenses described in
subsection (c) in the event of adverse economic conditions, the loss of revenue as a result of institutions or licensees becoming subject to the jurisdiction of another primary regulator or emergencies. In determining the amount of the reserve to be held by the fund, the secretary shall take into consideration the accreditation requirements of the Conference of State Bank Supervisors, the National Association of State Credit Union Supervisors and the American Association of Residential Mortgage Regulators.

(d) Department of General Services.--Purchases and leases under subsection (c) shall be made through the Department of General Services, as agent. Contracts of insurance and surety bonds under subsection (c) shall be placed through the Department of General Services, as agent.

(e) Restrictions on appropriations.--

(1) For fiscal years beginning after June 30, 1995, and ending before July 1, 2012, the General Assembly shall appropriate funds as it determines to be necessary from the fund for use by the department or other Commonwealth agencies.

(2) For fiscal years beginning after June 30, 2012, the General Assembly shall appropriate the funds as it determines to be necessary from the fund and the Institution Resolution Trust Fund for use only by the department and not for any other Commonwealth agency.

(f) Warrant.--Money in the Banking Trust Fund and the Institution Resolution Trust Fund appropriated to the department shall be paid out upon warrant of the State Treasurer drawn after requested by the secretary.

(g) Institution Resolution Account.---
(1) The Institution Resolution Account is [established as a restricted account within the fund.] converted into a trust fund to be administered for the benefit of banks, bank and trust companies, trust companies, savings banks, credit unions and their customers. The Institution Resolution Trust Fund shall be administered by the department. All interest earned from the investment or deposit of money accumulated in the fund shall be deposited in the fund for the same use. All money deposited into the fund shall be held in trust and shall not be considered general revenue of the Commonwealth and shall be used only to effectuate the purposes of this subsection as determined by the department and shall be subject to audit by the Auditor General.

(2) The sources of the [account] Institution Resolution Trust Fund are as follows:

   (i) An amount determined by the secretary each fiscal year based upon economic and regulatory conditions from assessments, fees and administrative penalties generated from statutes administered by the department other than:

       (A) the Pennsylvania Securities Act of 1972; or
       (B) the Takeover Disclosure Law.

   (ii) Amounts received from court litigation involving the department.

(3) The secretary may use the money in the [account] Institution Resolution Trust Fund to pay for costs associated with any of the following:

   (i) Resolution of an institution or an association, under Article X. Money under this subparagraph may be used in lieu of paying expenses from the assets of an
institution or association under section 1006.

(ii) Seizure and liquidation of a credit union under 17 Pa.C.S. § 503 (relating to regulation by department).

(4) In determining the amount to pay into the Institution Resolution Trust Fund each year pursuant to paragraph (1), the secretary shall do so in a manner that builds up a reserve sufficient to pay costs as described in paragraph (3) in a manner that will allow the department to discharge its obligations to resolve, seize or liquidate an institution or credit union without impairing the ability of the department to continue to perform its other duties.

Section 2. This act shall take effect immediately.