

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 2369

PRINTER'S NO. 3774

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

June 18, 2012

PRIME SPONSOR

Representative Truitt

HISTORY OF BILL

Referred to COMMERCE, June 18, 2012

Reported as committed, June 25, 2012

First consideration, June 25, 2012

Re-committed to RULES, June 25, 2012

Re-reported as committed, June 27, 2012

Second consideration, June 27, 2012

Re-committed to APPROPRIATIONS, June 27, 2012

Re-reported as committed, June 28, 2012

Third consideration and final passage, June 28, 2012 (201-0)
In the Senate

Referred to BANKING AND INSURANCE, June 29, 2012

Reported as committed, Oct. 2, 2012

First consideration, Oct. 2, 2012

Second consideration, Oct. 3, 2012

Re-referred to APPROPRIATIONS, Oct. 3, 2012

Re-reported as committed, Oct. 15, 2012

DESCRIPTION AND PURPOSE OF BILL

House Bill 2369 amends the Department of Banking Code of 1933 (Act 111 of 1933) by upgrading and modernizing the statute that provides the Department of Banking with its operational and enforcement authority. In addition, the bill helps implement the federal Consumer Financial Protection Act of 2010 (i.e. Dodd-Frank).

The legislation upgrades and modernizes the Code by providing for greater public disclosure and enforcement by the Department of Banking and clarifies that the department has examination authority over bank subsidiaries.

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House Bill 2369 would allow the department to suspend a bank officer or employee from office or employment if it determines that significant financial harm may have or has happened to the institution, its shareholders or depositors. The department may impose a civil penalty of up to \$25,000 for each violation against an institution, or any officer, employee, director or trustee of an institution, for a violation of any law or order relating to the institution or for any unsafe and unsound practice or breach of fiduciary duty in conducting the business of the institution.

The legislation implements the federal Consumer Financial Protection Act of 2010. The department shall be given notice prior to an agency or political subdivision of the Commonwealth engaging in a civil investigation, administrative enforcement action, examination or any other administrative proceeding to enforce Federal or State law. The department will determine whether an action will affect the safety and soundness of a financial institution or its subsidiaries or interfere with the regulation of such entities.

House Bill 2369 provides that the department has sole jurisdiction to initiate or participate, or request the Attorney General to initiate or participate, in administrative proceedings or judicial proceedings to enforce such laws or to determine that such proceedings are not in the public interest. However, the legislation does not limit or restrict the power of the Attorney General or law enforcement agencies to commence criminal proceedings.

Under the bill, consumer financial laws of the Commonwealth that apply to state-chartered institutions shall also apply to national banks, federal savings associations and their subsidiaries unless preempted by Federal law.

The Act shall take effect in 60 days.

FISCAL IMPACT:

The legislation will have no adverse fiscal impact on Commonwealth funds.