
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1889

Session of
1981

INTRODUCED BY L. E. SMITH, F. E. TAYLOR, SPENCER, RAPPAPORT,
DOMBROWSKI, McVERRY, CESSAR, BRANDT, CAPPABIANCA, SNYDER,
FLECK, LEVIN, O'DONNELL, BURD, MAIALE, RIEGER, OLIVER, BOYES,
ITKIN, SIEMINSKI, GRUPPO, ANDERSON, SPITZ, SERAFINI,
GRABOWSKI, GALLEN, COWELL, SWEET, McCLATCHY, VAN HORNE, POTT
AND COHEN, OCTOBER 6, 1981

SENATOR HOLL, BANKING AND INSURANCE, IN SENATE, AS AMENDED,
JANUARY 26, 1982

AN ACT

1 Amending the act of November 30, 1965 (P.L.847, No.356),
2 entitled "An act relating to and regulating the business of
3 banking and the exercise by corporations of fiduciary powers;
4 affecting persons engaged in the business of banking and
5 corporations exercising fiduciary powers and affiliates of
6 such persons; affecting the shareholders of such persons and
7 the directors, trustees, officers, attorneys and employes of
8 such persons and of the affiliates of such persons; affecting
9 national banks located in the Commonwealth; affecting persons
10 dealing with persons engaged in the business of banking,
11 corporations exercising fiduciary powers and national banks;
12 conferring powers and imposing duties on the Banking Board,
13 on certain departments and officers of the Commonwealth and
14 on courts, prothonotaries, clerks and recorders of deeds;
15 providing penalties; and repealing certain acts and parts of
16 acts," limiting deposits of Commonwealth funds; providing for
17 a fixed holiday on January 15; relating to and regulating
18 bank holding companies; further providing for changes of the
19 principal place of business of institutions and the addition
20 and deletion of branches and offices of institutions;
21 affecting the location of branches of institutions and
22 national banks; conferring additional powers on the
23 Department of Banking, and making repeals.

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

1 Section 1. Section 113, act of November 30, 1965 (P.L.847,
2 No.356), known as the "Banking Code of 1965," added July 30,
3 1975 (P.L.108, No.56) and clause (v) of subsection (b) amended
4 July 25, 1977 (P.L.101, No.37), is amended to read:

5 Section 113. Legal Holidays

6 (a) Fixed holidays--An institution shall observe as a legal
7 holiday:

8 (i) New Year's Day (January 1);

9 (i.1) Dr. Martin Luther King, Jr. Day (January 15);

10 (ii) Memorial Day (the last Monday in May);

11 (iii) Independence Day (July 4);

12 (iv) Labor Day (the first Monday in September);

13 (v) Thanksgiving Day (the fourth Thursday in November);

14 (vi) Christmas Day (December 25);

15 (vii) each Sunday;

16 (viii) each Monday following an Independence Day, a
17 Christmas Day or New Year's Day which occurs on a Sunday; and

18 (ix) each day specifically appointed by the President of
19 the United States or the Governor of the Commonwealth as a
20 legal holiday or as a bank holiday.

21 (b) Optional holidays--An institution may at its option
22 observe as a legal holiday:

23 (i) Lincoln's Birthday (February 12);

24 (ii) Washington's Birthday (the third Monday in
25 February);

26 (iii) Good Friday;

27 (iv) Flag Day (June 14);

28 (v) Columbus Day (the second Monday in October);

29 (vi) Election Day (the first Tuesday after the first
30 Monday in November);

1 (vii) Veterans' Day (November 11);
2 (viii) each Saturday either as a half-holiday after 12
3 o'clock noon or as a full holiday;

4 (ix) each Monday following an Independence Day, a
5 Christmas Day or New Year's Day which occurs on a Saturday;
6 and

7 (x) each day which the department permits all
8 institutions by public announcement, or an individual
9 institution by written permission, to observe as a legal
10 holiday.

11 (c) Geographic variations--In designating a permissive
12 optional holiday under subsection (b), the department may limit
13 the designation to particular geographic areas based on
14 political subdivisions, banking classifications such as Federal
15 Reserve districts or otherwise. An institution may observe any
16 optional holiday at one or more, but fewer than all, of its
17 offices.

18 (d) Effect of section--This effect of a legal holiday under
19 this section shall be that provided by law but this section
20 shall supersede other law as to the determination of days that
21 are legal holidays for banking institutions.

22 (e) National banks--This section shall apply to offices of
23 national banks located in Pennsylvania except to the extent that
24 Federal law specifically provides otherwise.

25 Section 2. The act is amended by adding sections to read:

26 Section 114. Limitation on Deposit of Commonwealth Funds

27 The Treasury Department shall not deposit any Commonwealth

28 Funds in a financial institution subject to this act that

29 UNLAWFULLY does not conform to the finance charge limitations in <—

30 the act of October 28, 1966 (1st Sp.Sess. P.L.55, No.7), known

1 as the "Goods and Services Installment Sales Act." ACT,"
2 PROVIDED THAT THERE ARE OTHER FINANCIAL INSTITUTIONS IN THE
3 COMMONWEALTH PROPERLY APPROVED BY THE BOARD OF FINANCE AND
4 REVENUE WHICH CAN ADEQUATELY COLLATERALIZE AND SERVICE
5 COMMONWEALTH FUNDS AND INSTRUMENTS.

6 Section 115. Bank Holding Companies

7 (a) Definitions--As used in this section:

8 (i) "Bank holding company"--a company, as defined by the
9 Federal Bank Holding Company Act of 1956 (70 Stat.133), which
10 is or becomes a bank holding company within the provisions of
11 the Federal act including, without limitation, its provisions
12 determining what constitutes control.

13 (ii) "Institution"--a national bank whose principal
14 place of business is located in Pennsylvania or a bank or
15 bank and trust company.

16 (iii) "Pennsylvania bank holding company"--a bank
17 holding company whose banking subsidiaries' operations are
18 principally conducted in this State as determined by the
19 state in which total deposits of all such banking
20 subsidiaries are largest.

21 (b) Control of institutions--

22 (i) No bank holding company other than a Pennsylvania
23 bank holding company may control an institution.

24 (ii) A Pennsylvania bank holding company may control one
25 or more institutions subject to the limitations that for a
26 period of four years after the effective date of this act it
27 may not control more than four institutions and for a period
28 of four years following such initial four-year period it may
29 not control more than eight institutions.

30 ~~(c) Limitations on deposits--Each Pennsylvania bank holding~~

~~company shall provide that at least fifty percent of the
deposits and funds received into each of its institutions shall
be made available to residents of the county in which the
institutions are located for local purposes such as residential
mortgage loans, personal loans, housing rehabilitation loans,
small business loans and consumer credit loans.~~

~~(d)~~ (C) Enforcement--The department shall enforce the
provisions of this section and, to that end, is authorized to
issue such regulations and orders as may enable the department
to administer and carry out the purposes of this section. The
department may, from time to time, examine the books, records
and affairs of any Pennsylvania bank holding company, or require
reports, under oath, in order to keep informed as to whether the
provisions of this act and such regulations and orders made
thereunder have been or are being complied with. The cost of
such examination shall be assessed against and paid by such
Pennsylvania bank holding company.

~~(e)~~ (D) Penalty provisions--Any company which violates any
provision of this section shall be guilty of a misdemeanor, and
upon conviction thereof, be sentenced to pay a fine of not more
than five thousand dollars (\$5,000) for each day during which
such violation continues. Any person who willfully participates
in a violation of any of the provisions of this act SECTION
shall be guilty of a misdemeanor, and, upon conviction thereof,
be sentenced to pay a fine of not more than five thousand
dollars (\$5,000) or imprisonment of not more than two years, or
both.

Section 3. Subsections (a), (b) and (d) of section 903 of
the act are amended to read:

Section 903. Change of Location of Office

1 (a) Change of principal place of business--An institution
2 may, with the prior written approval of the department and, in
3 the case of an incorporated institution by amendment of its
4 articles, change the location of its principal place of business
5 to a new location:

6 (i) in the same city, incorporated town, borough or
7 township, or

8 (ii) in the same county or in a county contiguous thereto
9 if

10 (A) the total of its surplus, unallocated reserves
11 and undivided profits in the case of a savings bank, or
12 its net worth in the case of a private bank or employees'
13 mutual banking association, at least equals a minimum
14 amount specified by the department, [or]

15 (B) in the case of any other institution, its capital
16 and surplus are at least equal to the minimum capital and
17 surplus which would be required by this act upon original
18 incorporation with a principal place of business in the
19 city, incorporated town, borough or township of the new
20 location and, if the institution has branches, it has the
21 additional capital and surplus required by this act for
22 the establishment of such branches[.], or

23 (C) the institution has not previously changed the
24 location of its principal place of business to a new
25 location in a county contiguous to the county where the
26 institution was originally chartered to do business. If
27 an institution has made a previous change, it may
28 relocate to the county where it was originally chartered
29 to do business or to any county contiguous thereto.

30 (b) Change of branch--An institution may, pursuant to a

1 resolution of its board of directors or trustees, or in the case
2 of a private bank its owners, and with the prior written
3 approval of the department, change the location of a branch to a
4 new location[:

5 (i) in the same city, incorporated town, borough or
6 village, or

7 (ii) in the county in which its principal place of
8 business is located or in a county contiguous thereto,] in
9 the same manner and subject to the same requirements and
10 limitations as are prescribed by this act for the
11 establishment of branches.

12 * * *

13 (d) Discontinuance of office--Upon the change of location of
14 an office pursuant to subsections (a) and (b) of this section,
15 the institution may not maintain [an office] a branch at the
16 former location unless such office shall be authorized as a
17 branch pursuant to this act. [If the location of the principal
18 place of business of the institution is changed to another
19 county, the institution may not maintain any office in a county
20 not contiguous to the county of the new location.]

21 Section 4. Section 904 of the act, amended July 23, 1970
22 (P.L.597, No.199) and October 5, 1978 (P.L.1131, No.265), is
23 amended to read:

24 Section 904. Authorization of New Branches

25 (a) Upon a merger or consolidation, a conversion of a
26 national bank into an institution or a conversion of a private
27 bank into an institution authorized by this act, the resulting
28 institution may, with the prior written approval of the
29 department, maintain as branches, in addition to its principal
30 place of business, every office which was maintained prior to

1 the merger or consolidation by the parties thereto or prior to
2 the conversion by the national bank or private bank and which is
3 located in the same county as the principal place of business of
4 the resulting institution [or] in a contiguous county or in a
5 bicontiguous county, except as provided in sections 907 and 908.
6 The term "bicontiguous county," as used in this section, means
7 one which, with respect to the county where the principal place
8 of business of an institution is located, is contiguous to a
9 county contiguous thereto but which is not contiguous to such
10 county in which the principal place of business is located. In
11 the case of a national bank which has changed the location of
12 its main office to a new location in a county contiguous to the
13 county where it was originally chartered to do business and
14 thereafter relocates its main office again, the determination of
15 what is a bicontiguous county shall be made on the basis of the
16 county of the first relocation of its main office unless the
17 county to which the most recent relocation has been made is the
18 county in which it was originally chartered to do business or a
19 county contiguous thereto.

20 (b) Except as provided in subsection (a) of this section and
21 in sections 907 and 908, an institution may establish [a branch]
22 branches after the effective date of this act only in the same
23 county in which its principal place of business is located [or]
24 in a contiguous county [contiguous thereto, and only] or in a
25 bicontiguous county or in a county of the first class, or of the
26 second class or of the second class A, upon compliance with the
27 following requirements:

28 (i) the proposed branch shall be authorized by
29 resolution of its board of directors or trustees, or in the
30 case of a private bank its owners,

1 (ii) the institution, in the case of a bank, a bank and
2 trust company or a trust company, shall have, in addition to
3 the minimum capital and surplus required under sections 1102
4 and 1103, such additional amounts of capital and surplus as
5 may be required in the discretion of the department, or in
6 the case of a savings bank shall have at least the total of
7 surplus, unallocated reserves and undivided profits required
8 by the department or in the case of a private bank shall have
9 at least the net worth required by the department,

10 (iii) if the location of the proposed branch is outside
11 of the city, incorporated town, borough or township in which
12 the principal place of business of the institution is
13 located, the institution shall give written notice of the
14 filing of the application for approval of the branch to each
15 other institution whose principal place of business is
16 located in the county of the location of the proposed branch,
17 [and]

18 (iv) for a period of four years after the effective date
19 of this act, the location of the proposed branch in a
20 bicontiguous county shall not be in any city, incorporated
21 town, township or borough having a population of fifteen
22 thousand or less where the principal place of business of any
23 other institution or national bank is located. Four years
24 after the effective date of this act and prior to eight years
25 after the effective date of this act, the location of a
26 branch in a bicontiguous county shall not be in any city,
27 incorporated town, township or borough having a population of
28 ten thousand or less where the principal place of business of
29 any other institution or national bank is located, and

30 [(iv)] (v) the department shall give its written

1 approval of the branch after the filing by the institution of
2 an application for approval in a form prescribed by the
3 department accompanied by any applicable fee and after
4 investigation by the department.

5 (c) Eight years immediately following the effective date of
6 this act, an institution may locate branches within any county
7 in the Commonwealth, subject to the same approval of the
8 department as is required under subsection (b)(v).

9 Section 5. Subsection (b) of section 905 of the act is
10 repealed.

11 Section 6. Subsection (c) of section 905 of the act is
12 amended to read:

13 Section 905. Approval of Branch by Department

14 * * *

15 (c) Action by department--Within sixty days after receipt of
16 the application or such longer period as may be required for any
17 hearing which the department may hold, the department shall[,
18 except as provided in subsection (b) of this section,] approve
19 the application if it finds that [there is a need for banking
20 services or facilities such as are contemplated by] the
21 establishment of the proposed branch would be consistent with
22 the purposes of this act set forth in subsection (a) of section
23 103 and that the requirements of this act have been complied
24 with but shall otherwise disapprove the application. If the
25 department approves the application, it shall issue to the
26 institution a letter of authority to establish the branch. If
27 the department disapproves the application, it shall give the
28 institution written notice of its disapproval and a statement in
29 detail of the reasons for its decision.

30 * * *

1 Section 7. The act of July 11, 1957 (P.L.773, No.372), known
2 as the "Bank Holding Company Act," is repealed.
3 Section 8. This act shall take effect immediately.