

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1331 Session of  
2020

INTRODUCED BY LAUGHLIN, ARGALL, LANGERHOLC, PITTMAN, MENSCH,  
J. WARD, BLAKE, STEFANO AND BAKER, SEPTEMBER 18, 2020

REFERRED TO BANKING AND INSURANCE, SEPTEMBER 18, 2020

AN ACT

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

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

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

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

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

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

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

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

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

27 (iii) similar sources.

28 (2) The sources of the fund shall not include fees,  
29 assessments, charges and penalties generated from:

30 (i) the [act of December 5, 1972 (P.L.1280, No.284),

1 known as the] Pennsylvania Securities Act of 1972; [or]

2 (ii) the act of March 3, 1976 (P.L.42, No.19), known  
3 as the Takeover Disclosure Law[.]; or

4 (iii) portions of the money under paragraph (1)  
5 determined by the secretary to be paid into the  
6 Institution Resolution Trust Fund under subsection (g).

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

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

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

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

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

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

26 (c.1) Operating reserves of the Banking Trust Fund.--The  
27 fund shall maintain an adequate operating reserve as determined  
28 by the secretary to be necessary to ensure the ability of the  
29 department to continue to pay its expenses described in  
30 subsection (c) in the event of adverse economic conditions, the

1 loss of revenue as a result of institutions or licensees  
2 becoming subject to the jurisdiction of another primary  
3 regulator or emergencies. In determining the amount of the  
4 reserve to be held by the fund, the secretary shall take into  
5 consideration the accreditation requirements of the Conference  
6 of State Bank Supervisors, the National Association of State  
7 Credit Union Supervisors and the American Association of  
8 Residential Mortgage Regulators.

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

14 (e) Restrictions on appropriations.--

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

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

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

29 (g) Institution Resolution [Account] Trust Fund.--

30 (1) The Institution Resolution Account is [established

1 as a restricted account within the fund.] converted into a  
2 trust fund to be administered for the benefit of banks, bank  
3 and trust companies, trust companies, savings banks, credit  
4 unions and their customers. The Institution Resolution Trust  
5 Fund shall be administered by the department. All interest  
6 earned from the investment or deposit of money accumulated in  
7 the fund shall be deposited in the fund for the same use. All  
8 money deposited into the fund shall be held in trust and  
9 shall not be considered general revenue of the Commonwealth  
10 and shall be used only to effectuate the purposes of this  
11 subsection as determined by the department and shall be  
12 subject to audit by the Auditor General.

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

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

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

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

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

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

1           (ii) Seizure and liquidation of a credit union under  
2           17 Pa.C.S. § 503 (relating to regulation by department).

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

11           Section 2. This act shall take effect immediately.