

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

SENATOR SCAVELLO, BANKING AND INSURANCE, AS AMENDED, OCTOBER 21, 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

1 Securities Code, is amended to read:

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

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

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

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

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

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

28 (iii) similar sources.

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

1 (i) the [act of December 5, 1972 (P.L.1280, No.284),
2 known as the] Pennsylvania Securities Act of 1972; ~~for~~ <--

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

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

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

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

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

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

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

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

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

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

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

15 (e) Restrictions on appropriations.--

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

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

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

30 (g) Institution Resolution ~~{Account} Trust Fund~~.-- <--

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

14 (2) The sources of the ~~account~~ ~~Institution Resolution~~ <--
15 ~~Trust Fund~~ are as follows:

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

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

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

25 (3) The secretary may use the money in the ~~account~~ <--
26 ~~Institution Resolution Trust Fund~~ to pay for costs associated
27 with any of the following:

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

1 institution or association under section 1006.

2 (ii) Seizure and liquidation of a credit union under
3 17 Pa.C.S. § 503 (relating to regulation by department).

4 (4) In determining the amount to pay into the

5 Institution Resolution ~~Trust Fund~~ ACCOUNT each year pursuant <--

6 to paragraph (1), the secretary shall do so in a manner that

7 builds up a reserve sufficient to pay costs as described in

8 paragraph (3) in a manner that will allow the department to

9 discharge its obligations to resolve, seize or liquidate an

10 institution or credit union without impairing the ability of

11 the department to continue to perform its other duties.

12 Section 2. This act shall take effect immediately.