
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 432 Session of
2021

INTRODUCED BY LAUGHLIN, STEFANO, J. WARD AND BAKER,
MARCH 18, 2021

REFERRED TO BANKING AND INSURANCE, MARCH 18, 2021

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 fund; 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.

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

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

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

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

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

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

23 (c.1) Operating reserves of the Banking Trust Fund.--The
24 fund shall maintain an adequate operating reserve as determined
25 by the secretary to be necessary to ensure the ability of the
26 department to continue to pay its expenses described in
27 subsection (c) in the event of adverse economic conditions, the
28 loss of revenue as a result of institutions or licensees
29 becoming subject to the jurisdiction of another primary
30 regulator or emergencies. In determining the amount of the

1 reserve to be held by the fund, the secretary shall take into
2 consideration the accreditation requirements of the Conference
3 of State Bank Supervisors, the National Association of State
4 Credit Union Supervisors and the American Association of
5 Residential Mortgage Regulators.

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

11 (e) Restrictions on appropriations.--

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

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

21 (f) Warrant.--Money in the [fund] Banking Trust Fund
22 appropriated to the department shall be paid out upon warrant of
23 the State Treasurer drawn after requested by the secretary.

24 (g) Institution Resolution Account.--

25 (1) The Institution Resolution Account is established as
26 a restricted account within the [fund] Banking Trust Fund.

27 (2) The sources of the account are as follows:

28 (i) An amount determined by the secretary each
29 fiscal year based upon economic and regulatory conditions
30 from assessments, fees and administrative penalties

1 generated from statutes administered by the department
2 other than:

3 (A) the Pennsylvania Securities Act of 1972; or

4 (B) the Takeover Disclosure Law.

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

7 (3) The secretary may use the money in the account to
8 pay for costs associated with any of the following:

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

13 (ii) Seizure and liquidation of a credit union under
14 17 Pa.C.S. § 503 (relating to regulation by department).

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

23 Section 2. This act shall take effect immediately.