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**By: Delegates Curran and Wood**

Rules suspended

Introduced and read first time: March 7, 1997 Assigned to: Rules and Executive Nominations

Re-referred to: Commerce and Government Matters, March 17, 1997

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

**2 Financial Institutions - Task Force to Study Bank Charter Modernization**

3 FOR the purpose of establishing a Task Force to Study Bank Charter Modernization;  
4 specifying the composition of the Task Force; specifying the duties of the Task  
5 Force; providing for staff support for the Task Force; requiring the Task Force to  
6 report to the General Assembly on or before certain dates; and generally relating to  
7 the Task Force to Study Bank Charter Modernization.

8 Preamble

9 WHEREAS, Residents of the State depend on both State-chartered and  
10 federally-chartered banks and other financial institutions for necessary financial services;  
11 and

12 WHEREAS, Businesses in the State depend on both State-chartered and  
13 federally-chartered banks and other financial institutions for necessary financial services;  
14 and

15 WHEREAS, The federal government currently is engaged in evaluating and  
16 modernizing the laws that apply to banks and savings institutions and, in particular, in  
17 modernizing the commercial bank charter; and

18 WHEREAS, Forthcoming federal law changes may require certain financial  
19 institutions to convert to bank charters; and

20 WHEREAS, The State is committed to the dual banking system and to offering  
21 State charters for commercial banks and for savings banks; and

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1 WHEREAS, The State has not comprehensively reviewed or modernized its laws  
2 relating to the chartering of commercial banks and savings banks since 1980; and

3 WHEREAS, The citizens of the State will benefit from State-chartered commercial  
4 banks and savings banks that are competitive with federally-chartered financial  
5 institutions by having greater access to financial services; now, therefore,

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
7 MARYLAND, That:

8 (a) There is a Task Force to Study Bank Charter Modernization.

9 (b) The Task Force shall consist of the following members:

10 (1) Three members of the Senate Finance Committee, appointed by the  
11 President of the Senate of Maryland;

12 (2) Three members of the House Commerce and Government Matters  
13 Committee, appointed by the Speaker of the House of Delegates;

14 (3) The Commissioner of Financial Regulation and two representatives of  
15 the Office of the Commissioner of Financial Regulation, appointed by the Commissioner  
16 of Financial Regulation;

17 (4) Two representatives from State-chartered commercial banks, appointed  
18 by the Governor;

19 (5) One representative from a stock federal savings bank, appointed by the  
20 Governor;

21 (6) One representative from a mutual federal savings bank, appointed by  
22 the Governor;

23 (7) One representative from a State-chartered credit union, appointed by  
24 the Governor; ~~and~~

25 (8) Three representatives who are affiliated with recognized consumer  
26 groups or agencies in the State, appointed by the Governor; and

27 ~~(8)~~ (9) Two members of the general public, appointed by the Governor.

28 (c) The Commissioner of Financial Regulation shall be the Chairman of the Task  
29 Force.

30 (d) The Task Force shall be staffed by personnel from the Office of the  
31 Commissioner of Financial Regulation.

32 (e) The Task Force shall study comprehensively all existing State laws that affect  
33 the operation and powers of State-charted banking institutions, including commercial  
34 banks and savings banks, and that affect conversion of other financial institutions to  
35 State-chartered banking institutions in order to modernize the State's banking laws and  
36 facilitate conversions of other financial institutions to State-chartered banking  
37 institutions.

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1 (f) In carrying out its duties, the Task Force shall identify, document, and study:

2 (1) Federal law changes since 1980 that affect banks;

3 (2) The response to these federal law changes by other states;

4 (3) The current state chartering laws for commercial banks and savings  
5 banks; and

6 (4) The current state procedures and laws that govern conversion of other  
7 financial institutions to State-chartered commercial banks and savings banks.

8 (g) In carrying out its duties, the Task Force may draw on any available source of  
9 data that the Task Force considers useful, whether from federal, State, or local  
10 governments, from organizations that represent the financial services industry, or from  
11 financial institutions.

12 (h) (1) The Task Force shall issue reports to the General Assembly, in  
13 accordance with § 2-1312 of the State Government Article, of its findings and  
14 recommendations, including a draft revision of Titles 3 through 5 of the Financial  
15 Institutions Article of the Annotated Code of Maryland, to modernize the State bank  
16 charter provisions and to facilitate the conversion of other financial institutions to  
17 State-chartered commercial banks and savings banks.

18 (2) The Task Force shall issue an interim report on or before November 1,  
19 1997, and a final report on or before November 1, 1998.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 1997.