

HOUSE BILL 752

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8lr0081

By: **Chair, Economic Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Introduced and read first time: February 4, 2008

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Regulation, Fees, and Assessments**

3 FOR the purpose of establishing the Banking Institution and Credit Union Regulation
4 Fund as a continuing, nonlapsing special fund; specifying the contents of the
5 Fund; requiring that the Fund be used for certain purposes; requiring the
6 Commissioner of Financial Regulation to pay certain penalties and fines to a
7 certain fund; requiring transitional funding for the regulation of banking
8 institutions and credit unions; repealing, altering, and establishing certain fees;
9 altering the annual assessment to be paid by certain banking institutions;
10 altering the date by which the assessment must be paid; altering the time at
11 which a certain permit expires; defining a certain term; and generally relating
12 to the regulation of financial institutions.

13 BY repealing

14 Article – Financial Institutions
15 Section 2–108
16 Annotated Code of Maryland
17 (2003 Replacement Volume and 2007 Supplement)

18 BY adding to

19 Article – Financial Institutions
20 Section 2–108, 2–117, and 2–118
21 Annotated Code of Maryland
22 (2003 Replacement Volume and 2007 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Financial Institutions
25 Section 3–203(a), 5–203, 5–1005, 12–208(a), and 12–210
26 Annotated Code of Maryland
27 (2003 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Financial Institutions**

4 [2–108.

5 For providing a certified copy of a document, the Commissioner shall charge a
6 fee of \$1 for each page and \$1 for each certificate.]

7 **2–108.**

8 (A) THE COMMISSIONER SHALL CHARGE AND COLLECT, IN ADVANCE,
9 THE FOLLOWING NONREFUNDABLE FEES:

10 (1) AN EXAMINATION FEE FOR A NEW COMMERCIAL BANK
11 CHARTER UNDER § 3–203 OF THIS ARTICLE..... \$15,000

12 (2) A FILING FEE FOR AN AGREEMENT OF CONSOLIDATION,
13 MERGER, OR TRANSFER OF ASSETS UNDER § 3–703 OF THIS ARTICLE:

14 (I) BETWEEN TWO COMMERCIAL BANKS..... \$3,000

15 (II) AMONG THREE OR MORE COMMERCIAL BANKS \$5,000

16 (3) AN APPLICATION FEE FOR A BANKING INSTITUTION TO HAVE
17 AN AFFILIATE UNDER § 5–403 OF THIS ARTICLE..... \$750

18 (4) A FEE FOR A CONVERSION OF A NATIONAL BANKING
19 ASSOCIATION, A FEDERAL STOCK SAVINGS AND LOAN ASSOCIATION, OR A
20 FEDERAL STOCK SAVINGS BANK INTO A COMMERCIAL BANK UNDER § 3–801 OF
21 THIS ARTICLE:

22 (I) FILING FEE..... \$7,000

23 (II) EXAMINATION FEE..... \$3,000

24 (5) (I) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A
25 BRANCH FEE FOR A NOTICE OF INTENTION OF A BANKING INSTITUTION OR
26 OTHER-STATE BANK TO OPEN A BRANCH UNDER § 5–1003 OF THIS
27 ARTICLE..... \$600

28 (6) AN APPLICATION FEE FOR A FOREIGN BANKING PERMIT
29 UNDER § 12–208 OF THIS ARTICLE \$500

1 (7) A RENEWAL FEE FOR A FOREIGN BANKING PERMIT UNDER §
2 12-210 OF THIS ARTICLE..... \$500

3 (8) A FEE FOR A CERTIFICATE OF VALID CHARTER:

4 (I) IF REQUESTED BY OR ON BEHALF OF A BANKING
5 INSTITUTION..... \$25

6 (II) IF REQUESTED BY OR ON BEHALF OF A PERSON OTHER
7 THAN A BANKING INSTITUTION \$50

8 (9) A FEE FOR A CERTIFIED COPY OF A DOCUMENT \$50

9 (B) THE BRANCH FEE UNDER SUBSECTION (A)(5) OF THIS SECTION
10 DOES NOT APPLY TO:

11 (1) A BRANCH THAT IS ACQUIRED BY A BANKING INSTITUTION
12 THROUGH A MERGER OR CONSOLIDATION WITH, OR TRANSFER TO THE BANKING
13 INSTITUTION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF, A BANK OR AN
14 INSURED DEPOSITORY INSTITUTION; OR

15 (2) AN OTHER-STATE BANK CHARTERED BY A STATE THAT DOES
16 NOT CHARGE A FEE TO A BANKING INSTITUTION FOR ESTABLISHING A BRANCH
17 IN THAT STATE.

18 2-117.

19 (A) IN THIS SECTION, “FUND” MEANS THE BANKING INSTITUTION AND
20 CREDIT UNION REGULATION FUND ESTABLISHED UNDER THIS SECTION.

21 (B) THERE IS A BANKING INSTITUTION AND CREDIT UNION
22 REGULATION FUND THAT CONSISTS OF:

23 (1) ALL REVENUE RECEIVED FOR THE CHARTERING AND
24 REGULATION OF PERSONS WHO ENGAGE IN THE BUSINESS OF A BANKING
25 INSTITUTION OR CREDIT UNION UNDER THIS ARTICLE; AND

26 (2) ANY OTHER FEE, ASSESSMENT, OR REVENUE RECEIVED BY
27 THE COMMISSIONER FROM BANKING INSTITUTIONS AND CREDIT UNIONS
28 UNDER THIS ARTICLE.

29 (C) NOTWITHSTANDING SUBSECTION (B) OF THIS SECTION, THE
30 COMMISSIONER SHALL PAY ALL FINES AND PENALTIES COLLECTED BY THE

1 COMMISSIONER FROM BANKING INSTITUTIONS AND CREDIT UNIONS UNDER
2 THIS ARTICLE INTO THE GENERAL FUND OF THE STATE.

3 (D) THE PURPOSE OF THE FUND IS TO PAY ALL THE COSTS AND
4 EXPENSES INCURRED BY THE COMMISSIONER THAT ARE RELATED TO THE
5 REGULATION OF BANKING INSTITUTIONS AND CREDIT UNIONS UNDER THIS
6 ARTICLE, INCLUDING:

7 (1) EXPENDITURES AUTHORIZED UNDER THIS ARTICLE; AND

8 (2) ANY OTHER EXPENSE AUTHORIZED IN THE STATE BUDGET.

9 (E) (1) ALL THE COSTS AND EXPENSES OF THE COMMISSIONER
10 RELATING TO THE REGULATION OF BANKING INSTITUTIONS AND CREDIT
11 UNIONS UNDER THIS ARTICLE SHALL BE INCLUDED IN THE STATE BUDGET.

12 (2) ANY EXPENDITURES FROM THE FUND TO COVER COSTS AND
13 EXPENSES OF THE COMMISSIONER MAY BE MADE ONLY:

14 (I) BY AN APPROPRIATION FROM THE FUND APPROVED BY
15 THE GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET; OR

16 (II) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED
17 FOR IN § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

18 (3) IF, IN ANY GIVEN FISCAL YEAR, THE AMOUNT OF THE
19 REVENUE COLLECTED BY THE COMMISSIONER AND DEPOSITED INTO THE FUND
20 EXCEEDS THE ACTUAL APPROPRIATION FOR THE COMMISSIONER TO REGULATE
21 BANKING INSTITUTIONS AND CREDIT UNIONS UNDER THIS ARTICLE, THE
22 EXCESS AMOUNT SHALL BE CARRIED FORWARD WITHIN THE FUND.

23 (F) (1) THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.

24 (2) THE STATE TREASURER SHALL DEPOSIT PAYMENTS
25 RECEIVED FROM THE COMMISSIONER INTO THE FUND.

26 (G) (1) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT
27 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE,
28 AND MAY NOT BE DEEMED A PART OF THE GENERAL FUND OF THE STATE.

29 (2) UNLESS OTHERWISE PROVIDED BY LAW, NO PART OF THE
30 FUND MAY REVERT OR BE CREDITED TO:

31 (I) THE GENERAL FUND OF THE STATE; OR

1 (II) A SPECIAL FUND OF THE STATE.

2 2-118.

3 (A) BEGINNING IN FISCAL YEAR 2009, THE GOVERNOR SHALL
4 APPROPRIATE IN THE ANNUAL STATE BUDGET FUNDS TO THE DIVISION OF
5 FINANCIAL REGULATION FOR THE PURPOSE OF REGULATING BANKING
6 INSTITUTIONS AND CREDIT UNIONS.

7 (B) AN AMOUNT EQUAL TO THE GOVERNOR'S APPROPRIATION UNDER
8 SUBSECTION (A) OF THIS SECTION SHALL BE REPAID BY THE BANKING
9 INSTITUTION AND CREDIT UNION REGULATION FUND ESTABLISHED UNDER §
10 2-117 OF THIS SUBTITLE TO THE GENERAL FUND OF THE STATE ON OR BEFORE
11 JUNE 30, 2011.

12 3-203.

13 (a) The incorporators shall[:

14 (1) File] FILE with the Commissioner for examination the two copies
15 of the articles of incorporation[; and

16 (2) Pay to the Commissioner an examination fee of \$1,500].

17 5-203.

18 (a) The Commissioner shall impose annual assessments on each banking
19 institution as provided in this section, to cover the expense of regulating banking
20 institutions.

21 (b) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
22 SUBSECTION, THE Commissioner shall assess each banking institution the sum of:

23 (i) [\$1,000] \$8,000; plus

24 (ii) 1. [8] 12 cents for each \$1,000 of the assets of the
25 institution over [\$1,000,000.] \$50,000,000, BUT NOT MORE THAN \$250,000,000;

26 2. 10 CENTS FOR EACH \$1,000 OF ASSETS OVER
27 \$250,000,000, BUT NOT MORE THAN \$500,000,000;

28 3. 9 CENTS FOR EACH \$1,000 OF ASSETS OVER
29 \$500,000,000, BUT NOT MORE THAN \$1,000,000,000;

1 4. 8 CENTS FOR EACH \$1,000 OF ASSETS OVER
2 \$1,000,000,000, BUT NOT MORE THAN \$10,000,000,000; AND

3 5. 7 CENTS FOR EACH \$1,000 OF ASSETS OVER
4 \$10,000,000,000.

5 (2) IF A BANKING INSTITUTION IS NOT IN THE BUSINESS OF
6 ACCEPTING DEPOSITS OR RETAINING FUNDS IN A DEPOSIT ACCOUNT AS
7 DEFINED IN § 5-509 OF THIS ARTICLE, THE COMMISSIONER SHALL ASSESS THE
8 BANKING INSTITUTION THE SUM OF:

9 (I) \$5,000; PLUS

10 (II) 1. 3 CENTS FOR EACH \$1,000 OF MANAGED ASSETS
11 HELD IN A FIDUCIARY CAPACITY UP TO \$5,000,000,000;

12 2. 2 CENTS FOR EACH \$1,000 OF MANAGED ASSETS
13 HELD IN A FIDUCIARY CAPACITY OVER \$5,000,000,000, BUT NOT MORE THAN
14 \$20,000,000,000;

15 3. 1 CENT FOR EACH \$1,000 OF MANAGED ASSETS
16 HELD IN A FIDUCIARY CAPACITY OVER \$20,000,000,000;

17 4. 2 CENTS FOR EACH \$1,000 OF NONMANAGED AND
18 CUSTODIAL ASSETS HELD IN A FIDUCIARY CAPACITY UP TO \$5,000,000,000; AND

19 5. 1 CENT FOR EACH \$1,000 OF NONMANAGED AND
20 CUSTODIAL ASSETS HELD IN A FIDUCIARY CAPACITY OVER \$5,000,000,000 UP
21 TO \$20,000,000,000.

22 [(2)] (3) The assessments shall be based on assets stated in a
23 banking institution's most recent financial report.

24 (C) NOTWITHSTANDING SUBSECTION (B) OF THIS SECTION, FOR A
25 BANKING INSTITUTION WITH A COMPOSITE CAMELS RATING OF 3, 4, OR 5 FOR
26 ITS MOST RECENT EXAMINATION, THE ANNUAL ASSESSMENT IMPOSED UNDER
27 THIS SECTION SHALL BE INCREASED BY AN ADDITIONAL 25%.

28 [(c)] (D) A banking institution shall pay the assessment imposed under this
29 section to the Commissioner on or before the [February 1] **APRIL 15** after it is
30 imposed.

1 [(a)] A banking institution that proposes to establish a branch in this State or
2 in another state shall:

3 (1) File with the Commissioner, at least 30 days before the intended
4 opening date, a notice of intention to open a branch; **AND**

5 (2) Submit to the Commissioner any information the Commissioner
6 requires in order to evaluate the proposed branch[]; and

7 (3) Pay to the Commissioner a branch fee of \$500.

8 (b) The branch fee shall not apply to a branch that is acquired by a banking
9 institution through a merger or consolidation with, or transfer to the banking
10 institution of all or substantially all of the assets of, a bank or an insured depository
11 institution].

12 12-208.

13 (a) To apply for a permit for an office, a foreign banking corporation shall[]:

14 (1) Submit] **SUBMIT** to the Commissioner an application on the form
15 that the Commissioner requires[]; and

16 (2) Pay to the Commissioner the application fee set by the
17 Commissioner].

18 12-210.

19 (a) A permit expires on the [second] **THIRD** anniversary of its effective date,
20 unless the permit is renewed for a [2-year] **3-YEAR** term as provided in this section.

21 (b) Before its permit expires, the foreign banking corporation may renew the
22 permit for additional [2-year] **3-YEAR** terms if the foreign banking corporation:

23 (1) At least 30 days before its permit expires[:

24 (i) Submits] **SUBMITS** to the Commissioner a renewal
25 application on the form that the Commissioner requires; and

26 [(ii) Pays to the Commissioner the renewal fee set by the
27 Commissioner; and]

28 (2) Meets the requirements for issuance of a permit under § 12-209 of
29 this subtitle.

1 (c) The Commissioner shall renew the permit of each foreign banking
2 corporation that meets the requirements of this section.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2008.