

17:9A-28.2

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17:9A-28.2 (Banks-- permit acquisition of fiduciary power for state & local obligations they initially underwrote)

CHAPTER 69

Laws Of: 1987

Bill No: S2065

Sponsor(s): O'Connor and DiFrancesco

Date Introduced: April 21, 1986

Committee: **Assembly:** Financial Institutions

Senate: Labor, Industry and Professions

Amended during passage: Yes Amendments during passage denoted by asterisks.

Date of Passage: **Assembly:** January 8, 1987

Senate: June 26, 1986

Date of Approval: March 11, 1987

Following statements are attached if available:

Sponsor statement: Yes Assembly amendments, adopted 11-10-87 (with statement)-- attached.

Committee statement: **Assembly** Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

3-4
3-11-87

[OFFICIAL COPY REPRINT]
SENATE, No. 2065

STATE OF NEW JERSEY

INTRODUCED APRIL 21, 1986

By Senators O'CONNOR and DiFRANCESCO

Referred to Committee on Labor, Industry and Professions

AN ACT concerning qualified banks with trust powers and supplementing P. L. 1948, c. 67.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. a. Subject to the provisions of this act, a qualified bank, as
2 defined in section 1 of P. L. 1948, c. 67 (C. 17:9A-1) shall have power
3 to retain and purchase or otherwise acquire for any trust account
4 which it is administering or for any other account which it is
5 administering in any fiduciary capacity, in the absence of any
6 express prohibition to the contrary applicable to that account:

7 (1) Bonds, notes or other obligations of, or guaranteed by, this
8 State or any agency, authority or instrumentality of this State; and

9 (2) Bonds, notes or other obligations of any county, municipality,
10 or other governmental unit or subdivision of this State, or any
11 agency, authority, instrumentality of any county, municipality or
12 other governmental unit or subdivision of this State;

13 which that qualified bank or an affiliate thereof holds or has acquired
14 as the underwriter thereof or as a member of an underwriting
15 syndicate thereof. For the purposes of this act, an "affiliate" means
16 a corporation controlled by the qualified bank or by a bank holding
17 company which controls the qualified bank.

18 ***b. Notwithstanding the provisions of subsection a. of this sec-*
19 *tion, a qualified bank which is an issuer of bonds, notes or other*
20 *obligations shall not retain or purchase a total of more than 50%*
21 *of that issue.***

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted September 29, 1986.

**—Assembly amendments adopted November 10, 1986.

22 ****[b.]**** ****c.**** The commissioner ****[may]**** **shall**, by regula-
23 tion, prescribe the manner in which and the extent to which the
24 foregoing power may be exercised. **No power shall be exercised*
25 *until regulations on this subject have been adopted.** Regulations
26 shall be directed toward protecting the trust account beneficiaries
27 of that qualified bank but nevertheless affording those beneficiaries
28 the opportunity of sharing in the benefits of the investment in the
29 bonds, notes and other obligations.

1 2. This act shall take effect immediately.

BANKING AND FINANCIAL INSTITUTIONS

Permits a qualified bank with trust powers to acquire in a fiduciary capacity State and municipal obligations for which it was the underwriter.

SENATE, No. 2065

STATE OF NEW JERSEY

INTRODUCED APRIL 21, 1986

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Referred to Committee on Labor, Industry and Professions

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4 which it is administering or for any other account which it is
5 administering in any fiduciary capacity, in the absence of any
6 express prohibition to the contrary applicable to that account:

7 (1) Bonds, notes or other obligations of, or guaranteed by, this
8 State or any agency, authority or instrumentality of this State; and

9 (2) Bonds, notes or other obligations of any county, municipality,
10 or other governmental unit or subdivision of this State, or any
11 agency, authority, instrumentality of any county, municipality or
12 other governmental unit or subdivision of this State;

13 which that qualified bank or an affiliate thereof holds or has acquired
14 as the underwriter thereof or as a member of an underwriting
15 syndicate thereof. For the purposes of this act, an "affiliate" means
16 a corporation controlled by the qualified bank or by a bank holding
17 company which controls the qualified bank.

18 b. The commissioner may, by regulation, prescribe the manner in
19 which and the extent to which the foregoing power may be exercised.
20 Regulations shall be directed toward protecting the trust account
21 beneficiaries of that qualified bank but nevertheless affording those
22 beneficiaries the opportunity of sharing in the benefits of the invest-
23 ment in the bonds, notes and other obligations.

1 2. This act shall take effect immediately.

STATEMENT

This bill permits a qualified bank with trust powers to acquire in a fiduciary capacity State and municipal obligations for which it is or was underwriter or part of a syndicate. The bill also contains regulatory oversight to ensure beneficiaries are protected. The bill will allow the State and its counties and municipalities to continue to financially benefit from underwriting and servicing by New Jersey based institutions. Otherwise a more expensive out-of-state arrangement may be necessary for State and local government units.

BANKING AND FINANCIAL INSTITUTIONS

Permits a qualified bank with trust powers to acquire in a fiduciary capacity State and municipal obligations for which it was the underwriter.

S 2065 (1987)

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 2065

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 1986

The Assembly Financial Institutions Committee favorably reports Senate Bill No. 2065 with amendments.

This bill, as amended, would allow "qualified banks" (that is, banks and savings banks which have trust powers) to purchase, in their fiduciary capacity, governmental bonds, notes or other obligations, if the banks or savings banks have underwritten the obligations.

The Commissioner of Banking is required to promulgate rules and regulations defining the extent to which the powers conferred by this act may be exercised. No powers may be exercised by a qualified bank until the rules or regulations have been issued. The commissioner must design them so that they protect the beneficiaries of the accounts which the bank or savings bank is administering in a fiduciary capacity.

The bill as amended is identical to Assembly Bill No. 2718 Aca.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

SENATE, No. 2065

STATE OF NEW JERSEY

DATED: JUNE 16, 1986

This bill permits a bank or savings bank with trust powers (a qualified bank) to acquire in its fiduciary capacity State and local government bonds, notes and other obligations which that bank holds or has acquired as the underwriter thereof or as a member of an underwriting syndicate thereof.

The Commissioner of Banking may by regulation prescribe the manner and extent of this power to protect the trust account beneficiaries.

10/27/86/sdl

CL - 0051

SR-

Assembly Amendments ^{FOR 17 ONLY TR -OK}
(Proposed by Assembly ~~man~~ ^{woman} *Byden*)
to

ADOPTED

NOV 10 1986

Senate Bill No. 2065 Assembly Rep.

(Sponsored by Senator O'Connor)

Amend:

Page	Sec.	Line	
1	1	After 17	Insert new subsection follows: "b. Notwithstanding the provisions of subsection a. of this section, a qualified bank which is an issuer of bonds, notes or other obligations shall not retain or purchase a total of more than 50% of that issue."
1	1	18	Omit "b." insert "c."

STATEMENT

This amendment would set a statutory cap on the acquisition or retention of bonds, notes and obligations by a qualified bank instead of leaving the cap to the discretion of the Commissioner of Banking.

Signed Bills - A-342, S-2690, SJR-36, S-2056/A-2718, S-1555, A-3406 and S-1649

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March 11, 1987

SJR-36, sponsored by Senator Catherine Costa, D-Burlington, directs the Department of Human Services to establish a task force to study and make recommendations about improving the coordination of programs for children by community volunteer groups.

The task force shall consist of the Commissioner of Human Services and four public members representing community volunteer religious, school, service, and recreational organizations appointed by the Commissioner.

The legislation is effective immediately.

S-2056/A-2718, sponsored by Senator Edward O'Connor, D-Hudson and Assemblywoman Maureen Ogden, R-Essex, would allow a commercial bank or a savings bank with trust powers having an underwriting department and a trust department to purchase up to fifty percent of a State or local government obligation it has underwritten.

A bank "underwrites" an obligation by purchasing all or a portion of the obligation from an issuer then attempts to sell it to the public.

The legislation is effective immediately.

S-1555, sponsored by Senator John Lynch, D-Middlesex, requires counties instead of municipalities to pay for the burial of indigent persons in certain situations.

The legislation is effective immediately.

A-3406, sponsored by Assemblyman Robert Martin, R-Morris, Assemblyman Ralph Loveys, R-Morris and Senator Leanna Brown, R-Morris, authorizes the Department of Human Services to sell to the New Jersey Battered Women's Service, Incorporation approximately two acres of surplus property. The property is located at Greystone Psychiatric Hospital in Morris Plains.

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