

17: 9A-19

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:9A-19 (Bank office, home--protection--eliminates)

LAWS 1981 CHAPTER 24

Bill No. S1099

Sponsor(s) Weiss

Date Introduced Feb. 25, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Nov. 24, 1980

Senate June 9, 1980

Date of approval Feb. 6, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~ (Below)

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports Yes ~~No~~

Hearings Yes ~~No~~

Sponsor's statement:

This bill would eliminate home office protection for banks that have their home office in towns with a population of less than 10,000.

(over)

6/22/81

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Legislation permitting Statewide branch banking:
N.J.S.A. 17:9A-19, enacted L.1973, c.211.

Hunt Commission Report (mentioned in Assembly Committee statement)

Pr37.8: U.S. President's Commission on Financial Structure and
F49/R29 Regulation.
Report...Dec., 1971. Washington, D.C., 1971.

24
2-6-81 81
[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 1099

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 25, 1980

By Senator WEISS

Referred to Committee on Labor, Industry and Professions

AN ACT to amend "The Banking Act of 1948," approved April 29, 1948 (P. L. 1948, c. 67).

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

1 1. Section 19 of P. L. 1948, c. 67 (C. 17:9A-19) is amended to
2 read as follows:

3 19. A. Any bank or savings bank may, pursuant to a resolution
4 of its board of directors or board of managers, establish and main-
5 tain branch offices, subject to the conditions and limitations of this
6 article.

7 B. No bank or savings bank shall establish or maintain a branch
8 office which is located outside the municipality in which it maintains
9 its principal office, except that a bank or savings bank may establish
10 and maintain a branch office or offices anywhere in the State:

11 (1) When such bank is a receiving bank as defined in section 132
12 or a receiving savings bank as defined in section 205, and each
13 proposed branch will be established at a location occupied by the
14 principal office or a branch office of a merging bank, as defined in
15 section 132; or a merging savings bank, as defined in section
16 205; or

17 (2) When each proposed branch will be established at a location
18 occupied by the principal office or a branch office of a banking insti-
19 tution in liquidation or in contemplation of liquidation.

20 (3) (Deleted by amendment.)

21 C. No bank shall hereafter establish a full branch office unless its
22 capital stock and surplus shall at least equal the minimum capital
23 stock and surplus required by section 4 on the organization of
24 a bank to transact business at the location occupied by the princi-
25 pal office of the bank proposing to establish such full branch office,

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

26 plus at least \$100,000.00 of capital stock for each full branch office
27 maintained or proposed to be established by such bank.

28 D. No savings bank shall hereafter establish a full branch office
29 unless its surplus shall at least equal the minimum capital deposits
30 required by section 8 on the organization of a savings bank to
31 transact business at the location occupied by the principal office
32 of the savings bank proposing to establish such full branch office,
33 plus at least \$100,000.00 of surplus for each full branch office main-
34 tained or proposed to be established by such savings bank.

35 E. (Deleted by amendment.)

36 F. (Deleted by amendment.)

37 G. (Deleted by amendment.)

38 H. (Deleted by amendment.)

39 I. **■**During the year beginning January 1, 1975, and ending on
40 December 31, 1975, no bank or savings bank shall, except as pro-
41 vided in subsection B. of this section, establish a full branch office
42 or a minibranch office in a municipality, other than that in which it
43 maintains its principal office, which has a population of less than
44 30,000, and in which another banking institution maintains its
45 principal office. For the purposes of this subsection, the principal
46 office of each bank or national bank which is a subsidiary of a bank
47 holding company which controls two or more banking institutions
48 shall be deemed to be a branch office. **■** *(Deleted by amendment.)*

49 J. **■**During the year beginning January 1, 1976, and ending on
50 December 31, 1976, no bank or savings bank shall, except as pro-
51 vided in subsection B. of this section, establish a full branch office
52 or a minibranch office in a municipality, other than that in which
53 it maintains its principal office, which has a population of less than
54 20,000, and in which another banking institution maintains its
55 principal office. For the purposes of this subsection, the principal
56 office of each bank or national bank which is a subsidiary of a bank
57 holding company which controls two or more banking institutions
58 shall be deemed to be a branch office. **■** *(Deleted by amendment.)*

59 K. **■**During the year beginning January 1, 1977 and thereafter,
60 no bank or savings bank shall, except as provided in subsection B.
61 of this section, establish a full branch office or a minibranch office
62 in a municipality, other than that in which it maintains its principal
63 office, which has a population of less than 10,000, and in which
64 another banking institution maintains its principal office. For the
65 purposes of this subsection, the principal office of each bank or
66 national bank which is a subsidiary of a bank holding company
67 which controls two or more banking institutions shall be deemed

68 to be a branch office.] *[(Deleted by amendment.)]* * **[*No]** *
 68A ***A bank or savings bank may establish a full branch office, a mini-*
 68B *branch office, or communications terminal branch office anywhere*
 68C *in this State, provided that no** bank or savings bank shall,*
 69 *except as provided in subsection B. of this section, establish a full*
 70 *branch office or a minibranch office in a municipality, other than*
 71 *that in which it maintains its principal office, which has a popu-*
 72 *lation of less than 10,000, and in which another banking institution*
 73 *maintains its principal office. For purposes of this subsection, the*
 74 *principal office of each bank or national banking association which*
 75 *is a subsidiary of a bank holding company which controls two or*
 76 *more banking institutions shall be deemed to be a branch office.*
 77 ***[The provisions of this subsection shall not apply to communi-*
 78 *cation terminal branch offices.]** The commissioner, upon applica-*
 79 *tion, may set aside the population requirement set forth above for*
 80 *full branch offices or minibranch offices.**

81-82 L. Except as otherwise provided by law, no foreign bank as
 83 defined in section 315 shall establish, operate or maintain in this
 84 State any full branch office, minibranch office or communication
 85 terminal branch office.

1 2. This act shall take effect immediately.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 1099

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 1980

This legislation, amending section 19 of the Banking Act of 1948, permits the establishment of communications terminal branch offices (electronic banking facilities) in any municipality in the State. The bill also provides that the Commissioner of Banking may permit the establishment of a full branch office or minibranch office in any municipality, notwithstanding the statutory prohibition of such offices in municipalities with a population of 10,000 in which another banking institution maintains its principal office.

Several years ago New Jersey passed legislation which permitted Statewide branch banking, eliminating the existing geographical restrictions governing branch banking. This was consonant with the recommendations of the Hunt Commission, which urged an elimination of geographical restrictions in order to encourage increased competition among financial institutions.

That legislation provided for a gradual phasing-in of Statewide branch banking in order to minimize disruption in the system and to protect smaller institutions from sudden, and possibly harmful, competition from the larger banks which employed more sophisticated marketing techniques. In the end, so-called "home office protection" was retained for banks which maintained their principal office in communities with a population of less than 10,000; banks and savings banks were prohibited from establishing branches in these smaller sized towns.

This legislation would permit the establishment of electronic terminals (communications terminal branch offices) in towns with a population of less than 10,000, and it would permit the commissioner to override the statutory prohibitions against other types of branches as well, if he decides that the establishment of such banks is in the public interest. The Assembly Banking and Insurance Committee has made a technical amendment to the bill.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1099

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MAY 15, 1980

As amended by the Senate Labor, Industry and Professions Committee this bill would eliminate home office protection with regard to communication terminal branch offices for banks that have their home office in towns with a population of less than 10,000. Home office protection with regard to full branch offices or minibranch offices could be set aside by the commissioner upon application.