

17:9A-19

LEGISLATIVE FACT SHEET

ON *Branch Banking - State-wide*

N.J.R.S. 17:9A-19

( Amendment )

LAWS OF 1972

CHAPTER 21 Aug. 8

SENATE

ASSEMBLY 706

INTRODUCED Feb. 14, 1972

BY *Evans*

STATEMENT

YES

NO

AMENDED DURING PASSAGE

YES

NO

*ASSEMBLY COMM.*

HEARING

*SUBSTITUTE ENACTED*

VETO

*Governor's statement*

*4700  
6-17  
1972*

*Dep. Asst. Com. Banking Committee,  
Public Hearing - on ASAB, 260, 261, 662,  
263, & 706 (branch banking) held  
March 17, 1972. Trenton, 1972.*

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ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 706**

**STATE OF NEW JERSEY**

ADOPTED MAY 11, 1972

AN ACT to amend and supplement "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. Branch offices; locations; capital requirements.

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

8 B. No bank or savings bank shall establish or maintain a branch  
9 office which is located outside the municipality in which it maintains  
10 its principal office, except that a bank or savings bank may establish  
11 and maintain a branch office or offices anywhere in the [same bank-  
12 ing district as that in which it maintains its principal office:] *State:*

13 (1) when such bank is a receiving bank as defined in section 132  
14 or a receiving savings bank as defined in section 205, and each  
15 proposed branch will be established at a location occupied by the  
16 principal office or a branch office of a merging bank, as defined in  
17 section 132; or a merging savings bank, as defined in section  
18 205; or

19 (2) when each proposed branch will be established at a location  
20 occupied by the principal office or a branch office of a banking insti-  
21 tution in liquidation or in contemplation of liquidation[; or].

22 (3) [when each proposed branch will be established in a munici-  
23 pality in which no banking institution has its principal office or  
24 a branch office; except that, when a municipality has a population  
25 of 7,500 or more, and no banking institution has its principal 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 therein, a bank or savings bank may establish and maintain a  
27 branch office or offices in such municipality notwithstanding the  
28 presence therein of one or more branch offices of one or more bank-  
29 ing institutions.】 *(Deleted by amendment.)*

30 C. No bank shall hereafter establish a branch office unless its  
31 capital stock and surplus shall at least equal the minimum capital  
32 stock and surplus required by section 4 on the organization of  
33 a bank to transact business at the location occupied by the princi-  
34 pal office of the bank proposing to establish such branch office,  
35 plus at least \$100,000.00 of capital stock for each branch office  
36 maintained or proposed to be established by such bank.

37 D. No savings bank shall hereafter establish a branch office  
38 unless its surplus shall at least equal the minimum capital deposits  
39 required by section 8 on the organization of a savings bank to  
40 transact business at the location occupied by the principal office  
41 of the savings bank proposing to establish such branch office, plus  
42 at least \$100,000.00 of surplus for each branch office maintained  
43 or proposed to be established by such savings bank.

44 E. 【Nothing in this section shall affect the continued maintenance  
45 of any branch office lawfully in operation on the effective date of  
46 this act.】 *(Deleted by amendment.)*

47 F. 【For the purposes of this article and of articles 21 and 31,  
48 three banking districts are hereby established in this State, to be  
49 known respectively as the first banking district, the second banking  
50 district and the third banking district. The first banking district  
51 shall consist of the counties of Bergen, Essex, Hudson, Morris,  
52 Passaic, Sussex and Warren. The second banking district shall con-  
53 sist of the counties of Hunterdon, Mercer, Middlesex, Monmouth,  
54 Somerset and Union. The third banking district shall consist of the  
55 counties of Atlantic, Burlington, Camden, Cape May, Cumberland,  
56 Gloucester, Ocean and Salem.】 *(Deleted by amendment.)*

57 G. *During the year beginning January 1, 1973, and ending on*  
58 *December 31, 1973, no bank or savings bank shall, except as pro-*  
59 *vided in subsection B. of this section, establish a branch office in*  
60 *a municipality, other than that in which it maintains its principal*  
61 *office, (1) which has a population of less than 7,500, and in which is*  
62 *located a branch office of another banking institution, or (2) which*  
63 *has a population of less than* 【25,000】\* *50,000\*, and in which*  
64 *another banking institution maintains its principal office.*

65 H. *During the year beginning January 1, 1974, and ending on*  
66 *December 31, 1974, no bank or savings bank shall, except as pro-*  
67 *vided in subsection B. of this section, establish a branch office in*

65 a municipality, other than that in which it maintains its principal  
69 office, (1) which has a population of less than 7,500 and in which is  
70 located a branch office of another banking institution, or (2) which  
71 has a population of less than ~~20,000~~\* 40,000\*, and in which  
72 another banking institution maintains its principal office.

73 I. During the year beginning January 1, 1975, and ending on  
74 December 31, 1975, no bank or savings bank shall, except as pro-  
75 vided in subsection B. of this section, establish a branch office in  
76 a municipality, other than that in which it maintains its principal  
77 office, which has a population of less than ~~15,000~~\* 30,000\*, and  
78 in which another banking institution maintains its principal office.  
79 For the purposes of this subsection, the principal office of each  
80 bank or national bank which is a subsidiary of a bank holding  
81 company which controls two or more banking institutions shall be  
82 deemed to be a branch office.

83 J. ~~After December 31, 1975~~\* *During the year beginning*  
84 *January 1, 1976\**, no bank or savings bank shall, except as provided  
85 in subsection B. of this section, establish a branch office in a  
86 municipality, other than that in which it maintains its principal  
87 office, which has a population of less than ~~10,000~~\* 20,000\*, and  
88 in which another banking institution maintains its principal office.  
89 For the purposes of this subsection, the principal office of each bank  
90 or national bank which is a subsidiary of a bank holding company  
91 which controls two or more banking institutions shall be deemed to  
92 be a branch office.

93 *\*K. During the year beginning January 1, 1977 and thereafter,*  
94 *no bank or savings bank shall, except as provided in subsection B.*  
95 *of this section, establish a branch office in a municipality, other than*  
96 *that in which it maintains its principal office, which has a population*  
97 *of less than 10,000, and in which another banking institution*  
98 *maintains its principal office. For the purposes of this subsection,*  
99 *the principal office of each bank or national bank which is a sub-*  
100 *sidary of a bank holding company which controls two or more*  
101 *banking institutions shall be deemed to be a branch office.\**

1 2. Section 132 of P. L. 1948, c. 67 (C. 17:9A-132) is amended  
2 to read as follows:

3 132. Definitions.

4 As used in this article:

5 (1) "merging bank" means a bank which is merged, or which  
6 is in process of being merged, into another bank; and, in a case  
7 where a national banking association is merged into or consoli-  
8 dated with, or is in process of being merged into or consolidated

9 with, a bank under the charter of such bank, "merging bank" also  
10 means such national banking association;

11 (2) "receiving bank" means a bank into which one or more  
12 other banks are merged, or are in process of being merged; and,  
13 in a case where a national banking association is merged into or  
14 consolidated with, or is in process of being merged into or consoli-  
15 dated with, a bank under the charter of such bank, "receiving  
16 bank" also means the bank into which such national banking  
17 association is merged or consolidated, or is in process of being  
18 merged or consolidated[;].

19 [(3) "banking district" means a banking district as established  
20 by section 19.]

1 3. Section 133 of P. L. 1948, c. 67 (C. 17:9A-133) is amended to  
2 read as follows:

3 133. What banks may merge.

4 Any two or more banks[, all of which have their principal offices  
5 in the same banking district] may, with the approval of the com-  
6 missioner, merge one or more of them into another of them as  
7 provided in this article.

1 4. Section 148 of P. L. 1948, c. 67 (C. 17:9A-148) is amended to  
2 read as follows:

3 148. Merger or consolidation of banks and national banking  
4 associations; definition of "applicable Federal law."

5 A. As used in subsection B. of this section, "applicable Federal  
6 law" means the laws of the United States, as presently enacted  
7 and as hereafter from time to time supplemented or amended,  
8 governing the merger or consolidation of a bank organized under  
9 State laws into a national banking association, under the charter  
10 of such association; and, as used in subsection C. of this section,  
11 "applicable Federal law" means the laws of the United States,  
12 as presently enacted and as hereafter from time to time supple-  
13 mented or amended, governing the merger or consolidation of a  
14 national banking association into a bank organized under State  
15 laws, under the charter of such bank.

16 B. One or more banks may, without the approval of the commis-  
17 sioner or of any other officer, department, board or agency of this  
18 State, merge into or consolidate with a national banking association  
18A under the charter of such association, with the approval of the  
19 holders of at least  $\frac{2}{3}$  of the capital stock of each such bank entitled  
20 to vote. A majority of the directors of each such bank shall, within  
21 10 days after such approval has been given, file in the department  
22 a certificate over their signatures that such approval has been

23 given, and that the bank intends to act in pursuance thereof.  
24 Except as otherwise provided in subsection D. of this section, a  
25 merger or consolidation authorized by this subsection shall be  
26 effected solely in the manner and with the effect provided by  
27 applicable Federal law, and no such merger or consolidation shall  
28 be subject to sections 132 through 147 or to any other law of  
29 this State; but a copy of the agreement or merger or consolidation  
30 certified by the comptroller of the currency shall be evidence, and  
31 may be recorded, as provided by section 138. Upon the taking  
32 effect of the merger or consolidation, the bank shall be deemed to  
33 have surrendered its charter.

34 C. One or more national banking associations, or one or more  
35 national banking associations together with one or more banks  
36 may, with the approval of the commissioner as provided by section  
37 136, merge into a bank, or may consolidate with a bank under the  
38 charter of such bank. Each bank which is a party to such a merger  
39 or consolidation as a merging bank or as the receiving bank shall,  
40 in all respects, comply with and be subject to the provisions of  
41 sections 134 through 147, in the same manner and with the same  
42 effect as if all the parties to such merger or consolidation were  
43 banks; the rights, duties, obligations, powers and privileges of  
44 each such bank, whether such bank is a merging bank or the  
45 receiving bank, and of its or their depositors, other creditors, stock-  
46 holders and all other persons in interest, shall be as prescribed  
47 and defined by sections 134 through 137; and except as in this  
48 subsection otherwise provided in respect to national banking asso-  
49 ciations, every provision contained in sections 134 through 137 shall  
50 be applicable to a merger or consolidation effected pursuant to  
51 this subsection, notwithstanding that a national banking associa-  
52 tion is a party to such a merger or consolidation. Each national  
53 banking association which is a party to a merger or consolidation  
54 authorized by this subsection shall comply with and be subject  
55 to the provisions of applicable Federal law, and the rights, duties,  
56 obligations, powers and privileges of such national banking asso-  
57 ciation, and of its depositors, other creditors, stockholders and  
58 all other persons in interest, shall be as prescribed and defined  
59 by such applicable Federal law.

60 D. [No merger or consolidation shall be effected pursuant to sub-  
61 section B. or subsection C. of this section unless

62 (1) all the parties thereto have their principal offices in the same  
63 banking district; and

64 (2) national] *National* banking associations may, under the laws  
65 of the United States, merge into or consolidate with a bank or-

66 ganized under State laws, without approval by any United States  
67 authority other than an authority empowered by United States law  
68 to approve or disapprove of a merger between, or a consolidation of,  
69 State-chartered banks.

1 5. Section 199 of P. L. 1948, c. 67 (C. 17:9A-199) is amended to  
2 read as follows:

3 199. What savings banks may merge.

4 Any two or more savings banks, [all of which have their principal  
5 offices in the same banking district] may, with the approval of the  
6 commissioner, merge one or more of them into another of them, as  
7 provided herein.

1 6. Nothing in this act shall affect the continued maintenance of  
2 any branch office lawfully in operation on the effective date hereof,  
3 nor shall anything in this act affect any branch office heretofore or  
4 hereafter established pursuant to P. L. 1971, c. 26 (C. 17:9A-23.14).

1 7. This act shall take effect January 1, 1973.

ASSEMBLY, No. 706

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 14, 1972

By Assemblyman EVERS

Referred to Committee on Banking

AN ACT to amend "An act concerning banking and banking institutions (Revision 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 read  
2 as follows:

3 19. Branch offices; locations; capital requirements.

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

8 B. No bank or savings bank shall establish or maintain a branch  
9 office which is located outside the municipality in which it maintains  
10 its principal office; except that a bank or savings bank may establish  
11 and maintain a branch office or offices anywhere in the [same bank-  
12 ing district as that in which it maintains its principal office] *State:*

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

18 (2) when each proposed branch will be established at a location  
19 occupied by the principal office or a branch office of a banking in-  
20 stitution in liquidation or in contemplation of liquidation; or

21 (3) when each proposed branch will be established in a munic-  
22 ipality [in which no banking institution has its principal office or a  
23 branch office; except that, when a municipality] *which* has a popu-  
24 lation of 7,500 or more[, and no banking institution has its principal  
25 office therein, a bank or savings bank may establish and maintain

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 a branch office or offices in such municipality notwithstanding the  
27 presence therein of one or more branch offices of one or more bank-  
28 ing institutions.]; or

29 (4) when each proposed branch will be established in a munic-  
30 ipality which has a population of less than 7,500 and which either  
31 (a) has no principal office of a banking institution therein or (b)  
32 has per capita banking institution assets less than the per capita  
33 banking institution assets in the State.

34 *Per capita banking institution assets shall mean the total assets*  
35 *of offices of banking institutions in the municipality in question or*  
36 *in the State, as the case may be, as of the last preceding December*  
37 *31, divided by the population of the same.*

38 *The assets of office of a banking institution shall be computed*  
39 *by taking that proportion of the total assets of the banking institu-*  
40 *tion as the deposits held by the office on the last preceding December*  
41 *31 bear to the total deposits held by the banking institution on said*  
42 *December 31.*

43 C. No bank shall hereafter establish a branch office unless its  
44 capital stock and surplus shall at least equal the minimum capital  
45 stock and surplus required by section 4 on the organization of a  
46 bank to transact business at the location occupied by the principal  
47 office of the bank proposing to establish such branch office, plus at  
48 least \$100,000.00 of capital stock for each branch office maintained  
49 or proposed to be established by such bank.

50 D. No savings bank shall hereafter establish a branch office  
51 unless its surplus shall at least equal the minimum capital deposits  
52 required by section 8 on the organization of a savings bank to  
53 transact business at the location occupied by the principal office of  
54 the savings bank proposing to establish such branch office, plus at  
55 least \$100,000.00 of surplus for each branch office maintained or  
56 proposed to be established by such savings bank.

57 E. Nothing in this section shall affect the continued maintenance  
58 of any branch office lawfully in operation on the effective date of  
59 this act.

60 [F. For the purposes of this article and of articles 21 and 31,  
61 three banking districts are hereby established in this State, to be  
62 known respectively as the first banking district, the second banking  
63 district and the third banking district. The first banking district  
64 shall consist of the counties of Bergen, Essex, Hudson, Morris,  
65 Passaic, Sussex and Warren. The second banking district shall con-  
66 sist of the counties of Hunterdon, Mercer, Middlesex, Monmouth,  
67 Somerset and Union. The third banking district shall consist of the

68 counties of Atlantic, Burlington, Camden, Cape May, Cumberland,  
69 Gloucester, Ocean and Salem.】

1 2. Section 132 of P. L. 1948, c. 67 (C. 17:9A-132) is amended to  
2 read as follows:

3 132. Definitions.

4 As used in this article:

5 (1) "merging bank" means a bank which is merged, or which  
6 is in process of being merged, into another bank; and, in a case  
7 where a national banking association is merged into or consolidated  
8 with, or is in process of being merged into or consolidated with, a  
9 bank under the charter of such bank, "merging bank" also means  
10 such national banking association;

11 (2) "receiving bank" means a bank into which one or more other  
12 banks are merged, or are in process of being merged; and, in a case  
13 where a national banking association is merged into or consolidated  
14 with, or is in process of being merged into or consolidated with, a  
15 bank under the charter of such bank, "receiving bank" also means  
16 the bank into which such national banking association is merged or  
17 consolidated, or is in process of being merged or consolidated【;】.

18 【(3) "banking district" means a banking district as established  
19 by section 19.】

1 3. Section 133 P. L. 1948, c. 67 (C. 17:9A-133) is amended to  
2 read as follows:

3 133. What banks may merge.

4 Any two or more banks【, all of which have their principal offices  
5 in the same banking district】 may, with the approval of the com-  
6 missioner, merge one or more of them into another of them as pro-  
7 vided in this article.

1 4. Section 148 of P. L. 1948, c. 67 (C. 17:9A-148) is amended to  
2 read as follows:

3 148. Merger or consolidation of banks and national banking  
4 association; definition of "applicable Federal law."

5 A. As used in subsection B. of this section, "applicable Federal  
6 law" means the laws of the United States, as presently enacted  
7 and as hereafter from time to time supplemented or amended,  
8 governing the merger or consolidation of a bank organized under  
9 State laws into a national banking association, under the charter of  
10 such association; and, as used in subsection C. of this section,  
11 "applicable Federal law" means the laws of the United States, as  
12 presently enacted and as hereafter from time to time supplemented  
13 or amended, governing the merger or consolidation of a national  
14 banking association into a bank organized under State laws, under  
15 the charter of such bank.

16 B. One or more banks may, without the approval of the commis-  
17 sioner or of any other officer, department, board or agency of this  
18 State, merge into or consolidate with a national banking association  
19 under the charter of such association, with the approval of the  
20 holders of at least  $\frac{2}{3}$  of the capital stock of each such bank en-  
21 titled to vote. A majority of the directors of each such bank shall,  
22 within 10 days after such approval has been given, file in the depart-  
23 ment a certificate over their signatures that such approval has been  
24 given, and that the bank intends to act in pursuance thereof. Except  
25 as otherwise provided in subsection D. of this section, a merger or  
26 consolidation authorized by this subsection shall be effected solely  
27 in the manner and with the effect provided by applicable Federal  
28 law, and no such merger or consolidation shall be subject to sections  
29 132 through 147 or to any other law of this State; but a copy of the  
30 agreement or merger or consolidation certified by the comptroller  
31 of the currency shall be evidence, and may be recorded, as provided  
32 by section 138. Upon the taking effect of the merger or consolida-  
33 tion, the bank shall be deemed to have surrendered its charter.

34 C. One or more national banking associations, or one or more  
35 national banking associations together with one or more banks may,  
36 with the approval of the commissioner as provided by section 136,  
37 merge into a bank, or may consolidate with a bank under the charter  
38 of such bank. Each bank which is a party to such a merger or con-  
39 solidation as a merging bank or as the receiving bank shall, in all  
40 respects, comply with and be subject to the provisions of sections  
41 134 through 147, in the same manner and with the same effect as if  
42 all the parties to such merger or consolidation were banks; the  
43 rights, duties, obligations, powers and privileges of each such  
44 bank, whether such bank is a merging bank or the receiving bank,  
45 and of its or their depositors, other creditors, stockholders and all  
46 other persons in interest, shall be as prescribed and defined by sec-  
47 tions 134 through 137; and except as in this subsection otherwise  
48 provided in respect to national banking associations, every pro-  
49 vision contained in sections 134 through 137 shall be applicable to a  
50 merger or consolidation effected pursuant to this subsection, not-  
51 withstanding that a national banking association is a party to such  
52 a merger or consolidation. Each national banking association which  
53 is a party to a merger or consolidation authorized by this subsection  
54 shall comply with and be subject to the provisions of applicable  
55 Federal law, and the rights, duties, obligations, powers and  
56 privileges of such national banking association, and of its depos-  
57 itors, other creditors, stockholders and all other persons in interest,

58 shall be as prescribed and defined by such applicable Federal law.

59 D. No merger or consolidation shall be effected pursuant to sub-  
60 section B. or subsection C. of this section unless [(1) all the parties  
61 thereto have their principal offices in the same banking district; and  
62 (2)] national banking associations may, under the laws of the  
63 United States, merge into or consolidate with a bank organized  
64 under State laws, without approval by any United States authority  
65 other than an authority empowered by United States law to approve  
66 or disapprove of a merger between, or a consolidation of, State-  
67 chartered banks.

1 5. Section 199 of P. L. 1948, c. 67 (C. 17:9A-199) is amended to  
2 read as follows:

3 199. What savings banks may merge.

4 Any two or more savings banks[, all of which have their principal  
5 offices in the same banking district] may, with the approval of the  
6 commissioner, merge one or more of them into another of them, as  
7 provided herein.

1 6. This act shall take effect immediately.

April 1, 1975

... will ...  
... banks to establish branch offices ...  
office protection and branch office protection.

In signing the bill, Governor ... the liberalized branch office provisions will undoubtedly encourage the further expansion of the banking industry in this State. The Governor also expressed the hope that the increased competition produced by the new rules will result in better service to the customers of the affected banks and savings banks.

The new legislation, ✓ A-706, sponsored by Assemblyman John Dennis, (R., Essex) amends the sections of the Banking Act of 1948 which cover the establishment and operation of branch offices. Under the previous law, the State was divided into three banking districts, and banks and savings banks may establish branch offices only in the district in which their principal office is located. The new law abolishes the banking districts and allows banks and savings banks to branch statewide.

Present law also prohibits the establishment of a branch office in any municipality with a population of less than 7,500, if there is a principal or branch office of any other banking institution in that municipality. This branch office protection will be eliminated as of January 1, 1975. In addition, the present law prohibits the establishment of a branch in any municipality in which the principal office of any bank or savings bank is presently located. This home office provision will be phased out over a period of four years, until, beginning January 1, 1977, it will apply only in municipalities with a population of less than 10,000.

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