

17:9A-19

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:9A-19

Laws of 1975 Chapter 148

Bill No. S3089

Sponsor(s) Orechio

Date Introduced Feb. 27, 1975

Committee: Assembly Banking & Insurance

Senate No. Ref.

Amended during passage ~~Yes~~ No

Date of passage: Assembly June 16, 1975

Senate April 7, 1975

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Following statements are attached if available:

Sponsor statement Yes ~~No~~

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

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CHAPTER 248 P. L. 1975
APPROVED 7-9-75

SENATE, No. 3089

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 27, 1975

By Senator ORECHIO

(Without Reference)

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

3 1. Definitions.

4 As used in this act, and except as otherwise expressly provided
5 in this act,

6 (1) "Bank" shall include the following:

7 (a) Every corporation heretofore organized pursuant to
8 the act entitled "An act concerning banks and banking (Re-
9 vision of 1899)," approved March 24, 1899;

10 (b) Every corporation heretofore organized pursuant to the
11 act entitled "An act concerning trust companies (Revision
12 of 1899)," approved March 24, 1899;

13 (c) Every corporation heretofore organized pursuant to
14 chapter 4 of Title 17 of the Revised Statutes;

15 (d) Every corporation, other than a savings bank, hereto-
16 fore authorized by any general or special law of this State to
17 transact business as a bank or as a trust company, or as both;

18 (e) Every corporation hereafter organized pursuant to
19 article 2 of this act;

20 (2) "Banking institution" shall mean a bank, savings bank, and
21 a national banking association having its principal office in this
22 State;

23 (3) "Board of managers" of a savings bank shall include the
24 board of trustees of a savings bank;

25 (4) "Capital stock" shall include both common stock and pre-
26 ferred stock;

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

27 (5) "Certificate of incorporation," unless the context requires
28 otherwise, shall mean

29 (a) The certificate of incorporation, together with all
30 amendments thereto, of every bank and savings bank organized
31 pursuant to any general law of this State;

32 (b) The charter, together with all amendments thereto, of
33 every bank and savings bank organized pursuant to any special
34 law of this State;

35 (6) "Commissioner" shall mean the Commissioner of Banking
36 [and Insurance] of New Jersey;

37 (7) "Department" shall mean the Department of Banking [and
38 Insurance] of New Jersey;

39 (8) "Fiduciary" shall include trustee, executor, administrator,
40 receiver, guardian, assignee, and every other person occupying
41 any other lawful office or employment of trust;

42 (9) "Manager" of a savings bank shall include a trustee of a
43 savings bank;

44 (10) "Municipality" shall mean a city, town, township, village,
45 and borough of this State;

46 (11) "Population" shall mean the population as determined
47 by the latest Federal census or as determined by the commissioner
48 from other information which he may deem reliable;

49 (12) "Qualified bank" shall mean

50 (a) A bank which has heretofore been authorized or which
51 shall hereafter be authorized to exercise any of the powers
51A authorized by section 28;

52 (b) A savings bank which has heretofore been authorized
53 or which shall hereafter be authorized to exercise any of the
54 powers authorized by section 28; and

55 (c) A national banking association having its principal
56 office in this State authorized to act as a fiduciary;

57 (13) "Savings bank" shall include the following:

58 (a) Every corporation heretofore organized pursuant to the
59 act entitled "An act concerning savings banks," approved
60 April 12, 1876;

61 (b) Every corporation heretofore organized pursuant to the
62 act entitled "An act concerning savings banks," approved
63 May 2, 1906;

64 (c) Every corporation heretofore organized pursuant to
65 chapter 6 of Title 17 of the Revised Statutes;

66 (d) Every corporation, other than a bank, authorized by
67 any general or special law of this State to carry on the business
68 of a savings bank or institution or society for savings;

69 (e) Every corporation hereafter organized pursuant to
70 article 3 of this act[.];

71 (14) "Branch office" of a bank or savings bank shall mean an
72 office, unit, station, facility, terminal, space or receptacle at a fixed
73 location other than a principal office, however designated, at which
74 any business that may be conducted in a principal office of a bank
75 or savings bank may be transacted. "Branch office" includes full
76 branch offices, minibranch offices and communication terminal
77 branch offices;

78 (15) "Full branch office" means a branch office of a bank or
79 savings bank not subject to the limitations or restrictions imposed
80 upon minibranch offices or communication terminal branch offices;

81 (16) "Minibranch office" means a branch office of a bank or sav-
82 ings bank which does not occupy more than 500 square feet of
83 floor space and which does not contain more than four teller
84 stations, manned by employees of the bank or savings bank;

85 (17) "Communication terminal branch office" means a branch
86 office of a bank or savings bank which is either manned by a bona
87 fide third party under contract to a bank or savings bank or un-
88 manned and which consists of equipment, structure or systems, by
89 means of which information relating to financial services rendered
90 to the public is transmitted and through which transactions with
91 banks and savings banks are consummated, either instantaneously
92 or otherwise.

1 2. 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,
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. **■**During the year beginning January 1, 1973, and ending on
38 December 31, 1973, no bank or savings bank shall, except as pro-
39 vided in subsection B. of this section, establish a branch office in
40 a municipality, other than that in which it maintains its principal
41 office, (1) which has a population of less than 7,500, and in which is
42 located a branch office of another banking institution, or (2) which
43 has a population of less than 50,000, and in which another banking
44 institution maintains its principal office. **■** (*Deleted by amendment.*)

45 H. **■**During the year beginning January 1, 1974, and ending on
46 December 31, 1974, no bank or savings bank shall, except as pro-
47 vided in subsection B. of this section, establish a branch office in
48 a municipality, other than that in which it maintains its principal
49 office, (1) which has a population of less than 7,500 and in which is
50 located a branch office of another banking institution, or (2) which
51 has a population of less than 40,000, and in which another banking
52 institution maintains its principal office. **■** (*Deleted by amendment.*)

53 I. During the year beginning January 1, 1975, and ending on
54 December 31, 1975, no bank or savings bank shall, except as pro-
55 vided in subsection B. of this section, establish a *full* branch office
56 or a *minibranch* office in a municipality, other than that in which it
57 maintains its principal office, which has a population of less than
58 30,000, and in which another banking institution maintains its
59 principal office. For the purposes of this subsection, the principal
60 office of each bank or national bank which is a subsidiary of a bank
61 holding company which controls two or more banking institutions
62 shall be deemed to be a branch office.

63 J. During the year beginning January 1, 1976, *and ending on*
 64 *December 31, 1976*, no bank or savings bank shall, except as pro-
 65 vided in subsection B. of this section, establish a *full* branch office
 66 *or a minibranch office* in a municipality, other than that in which
 67 it maintains its principal office, which has a population of less than
 68 20,000, and in which another banking institution maintains its
 69 principal office. For the purposes of this subsection, the principal
 70 office of each bank or national bank which is a subsidiary of a bank
 71 holding company which controls two or more banking institutions
 72 shall be deemed to be a branch office.

73 K. During the year beginning January 1, 1977 and thereafter,
 74 no bank or savings bank shall, except as provided in subsection B.
 75 of this section, establish a *full* branch office *or a minibranch office*
 76 in a municipality, other than that in which it maintains its principal
 77 office, which has a population of less than 10,000, and in which
 78 another banking institution maintains its principal office. For the
 79 purposes of this subsection, the principal office of each bank or
 80 national bank which is a subsidiary of a bank holding company
 81 which controls two or more banking institutions shall be deemed
 82 to be a branch office.

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

1 3. Section 20 of P. L. 1948, c. 67 (C. 17:9A-20) is amended to
 2 read as follows:

3 20. A. Before any *full* branch office shall be established, except
 4 those branches established pursuant to paragraph (1) of subsec-
 5 tion B. of section 19, the bank or savings bank shall file written
 6 application in the department for the commissioner's approval
 7 thereof. If, after such investigation or hearings, or both, as the
 8 commissioner may determine to be advisable, he shall find:

9 (1) That the bank or savings bank has complied with the re-
 10 quirements of section 19;

11 (2) That the interests of the public will be served to advantage
 12 by the establishment of such *full* branch office; and

13 (3) That conditions in the locality in which the proposed *full*
 14 branch office is to be established afford reasonable promise of suc-
 15 cesssful operation;

16 the commissioner shall, within 90 days after the filing of the appli-
 17 cation, approve such application.

18 B. *Before any minibranch office shall be established, the bank*

19 or savings bank shall file a written application on forms supplied
20 by the commissioner. A duly adopted resolution of the board of
21 directors or managers authorizing such application shall accompany
22 the application. Notice of such application shall be published in
23 accordance with procedural rules and regulations of the depart-
24 ment. Within 20 days after said notice is published, any person
25 or banking institution having objections to the application shall
26 submit detailed written factual and legal grounds for the objection
27 to the commissioner. There shall be no hearing required to be held
28 by the commissioner in connection with such application. The
29 commissioner, after considering the application and written ob-
30 jections and such investigation as he deems advisable, shall approve
31 the application, if he shall find

32 (1) That the convenience and needs of the public will be served
33 to advantage by the establishment of such minibranch office; and

34 (2) That the costs of establishing such minibranch office, in-
35 cluding (a) construction and alteration costs; (b) the cost of real
36 property to be acquired in connection therewith or rental to be paid
37 for space to be occupied by such office; (c) the cost of purchasing
38 or renting and installing the equipment to be used in the operation
39 of such office; and (d) the cost of manning such office, shall not in
40 the aggregate exceed such sum as the commissioner shall deem
41 reasonable, taking into consideration the capital and surplus of
42 the bank, or the surplus of the savings bank.

43 C. Before any communication terminal branch office shall be
44 established, the bank or savings bank shall file in the department
45 written notice of the proposed establishment which shall consist
46 of a resolution duly adopted by the board of directors or board of
47 managers and such other information as the commissioner shall
48 require. No hearing shall be held by the commissioner in connec-
49 tion with such application. Within 45 days after receipt of the
50 application, the commissioner shall approve the application unless
51 he finds that the establishment is contrary to the interest of the
52 public.

53 D. Any bank or savings bank may participate in the establish-
54 ment, maintenance or use of one or more communication terminal
55 branch offices with one or more financial institutions whose deposits
56 are insured by either the Federal Deposit Insurance Corporation
57 or the Federal Savings and Loan Insurance Corporation. The
58 commissioner may require a bank or savings bank to participate
59 with one or more insured financial institutions, at a reasonable cost,
60 if the institution requesting participation maintains a principal,

61 *full branch or minibranch office located within 5 miles of the pro-*
62 *posed site.*

63 *E. A bank or savings bank shall provide insurance protection*
64 *under its bonding program for transactions involving such com-*
65 *munication terminal branch offices.*

66 *F. A bank which maintains a communication terminal branch*
67 *office shall be deemed to have come into possession and to have*
68 *received such deposits at the time when they are placed in the*
69 *receptacle.*

70 *G. The commissioner shall have the power to make, amend and*
71 *repeal rules and regulations concerning the establishment, mainte-*
72 *nance and operation of full branch offices, minibranch offices and*
73 *communication terminal branch offices not inconsistent with the*
74 *provisions of this act. The regulations so made shall also be di-*
75 *rected toward the creation, operation and maintenance of a sub-*
76 *stantial competitive parity between banking institutions and other*
77 *financial institutions in all matters relating to the establishment,*
78 *operation, and maintenance of branch offices.*

1 4. Section 333 of P. L. 1948, c. 67 (C. 17:9A-333) is amended to
2 read as follows:

3-4 333. A bank or savings bank shall pay the following fees to the
5 commissioner for the use of the State:

6	(1) For filing an application for charter	\$2,500 00
7	(2) For the issuance by the commis-	
8	sioner of a certificate of authority	100 00
9	(3) For filing a certificate of amend-	
10	ment of a certificate of incorporation, or	
11	an amended certificate of incorporation	50 00
11A	(4) For filing any other certificate	10 00
12	(5) (a) For filing an application for	
13	approval of the establishment of a <i>full</i>	
14	branch office	500 00
15	(b) For filing an application for ap-	
16	proval of the establishment of a <i>mini-</i>	
17	branch office	400 00
18	(c) For filing an application for ap-	
19	proval of the establishment of a <i>communi-</i>	
20	cation terminal branch office	250 00
21	(6) For filing an agreement of merger	
22	per bank	1,500 00
23	(7) For filing a copy of a plan of re-	
24	organization	250 00

25	(8) For filing a report required by this	
26	act	25 00
27	(9) For filing an affidavit required by	
28	this act	10 00
29	(10) For filing proof of publication and	
30	mailing, or other proof required by this	
31	act	10 00
32	(11) For filing application for approval	
33	of a change in location of principal office	
34	or <i>full</i> branch office	250 00
35	(12) For filing an application for ap-	
36	proval of the cost of the establishment of	
37	an auxiliary office	250 00
38	(13) For the issuance of a certified copy	
39	of any certificate of incorporation or	
40	merger or plan of reorganization or any	
41	other certificate or affidavit filed in the	
42	department	10 00
43	plus \$1.00 per page	
44	(14) For filing an application for ap-	
45	proval of an interchange between principal	
46	office and <i>full</i> branch office	50 00
47	(15) For the issuance of any other ap-	
48	proval by the commissioner	50 00
49	plus per diem charges where	
50	applicable	
51	(16) For the issuance of any extension	
52	by the commissioner	25 00
53	plus per diem charges where	
54	applicable	
55	(17) For filing a pension plan	200 00
56	(18) For filing an amendment or alter-	
57	ation to a pension plan	50 00
1	5. This act shall take effect immediately.	

STATEMENT

This bill comprehensively defines the term "branch office" to include all offices which perform bank or savings bank services giving recognition to the obvious fact that physical and personnel limitations may increase or decrease the level of services which are or can be offered. These distinguishing factors are codified and specific criteria are provided governing their establishment.

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9

Specifically, the act enables State banks and savings banks to be competitive with national banks and Federal savings and loan associations which are empowered by recent legislation and regulations to establish and maintain similar-type branch offices.

Furthermore, the bill is designed to provide the public with more convenient and accessible banking services while preserving the soundness of the banking system. The competition which these offices will provide should result in better services and more attractive rates being offered to the general public.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 3089

STATE OF NEW JERSEY

DATED: APRIL 14, 1975

This bill amends the Banking Act of 1948 to redefine the term "branch office" and to provide for the establishment of minibranch offices and communication terminal branch offices by commercial banks and savings banks. A "full branch office" under the act would not be subject to the limitations or restrictions placed on the other categories of branches in terms of size or services offered. A "minibranch office" would be a branch office which would not occupy more than 500 square feet of floor space and would contain not more than four teller stations. A "communications terminal branch office" would be a manned or unmanned electronic branch which would render limited services. The bill would also prohibit the establishment of foreign bank branches of any category in this State.

The bill provides that banks and savings banks may participate in the establishment, maintenance, and use of communications terminal branch offices with one or more financial institutions whose deposits are insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. The commissioner may require the sharing of such facilities if an institution requesting participation maintains a principal, full branch, or minibranch office located within 5 miles of the proposed site.

The Commissioner of Banking would have the authority to promulgate rules and regulations under the act, which shall be directed toward the creation, operation, and maintenance of a parity between banking and thrift institutions.