

2019 Regular Session

HOUSE BILL NO. 396

BY REPRESENTATIVE ANDERS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

BANKS/BANKING: Provides relative to bank operating subsidiaries

1 AN ACT

2 To amend and reenact R.S. 6:822 and 1229.1 and to enact R.S. 6:243(C)(1)(d) and 246,
3 relative to bank operating subsidiaries; to provide conditions for a state bank to hold
4 immovable property in perpetuity; to provide for permitted conduct; to provide for
5 notice; to provide for applicability; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 6:822 and 1229.1 are hereby amended and reenacted and R.S.
8 6:243(C)(1)(d) and 246 are hereby enacted to read as follows:

9 §243. Immovable property; dealings

10 * * *

11 C.(1) A state bank may hold immovable property in perpetuity, exempt from
12 the divestiture requirements of this Section, if all of the following conditions are met:

13 * * *

14 (d) Written approval has been obtained from the commissioner.

15 * * *

16 §246. Bank Operating Subsidiaries

17 A. A state bank may, through a wholly-owned operating subsidiary, conduct
18 any activity or make any investment that a state bank or national bank is authorized
19 to conduct or make under state or federal law. A state bank that establishes a
20 subsidiary in accordance with this Subsection shall provide the commissioner written

1 notice within thirty days after establishing the subsidiary or commencing the new
2 activity in the subsidiary.

3 B. Except as provided in Subsection A of this Section, a state bank shall
4 obtain written approval from the commissioner in order to conduct any activity
5 through a subsidiary.

6 * * *

7 §822. Loans and investments

8 An association may invest in, sell, participate, or otherwise deal in or with the
9 following loans or other investments as hereinafter provided:

10 * * *

11 (3) The following loans or investments are permitted, but are limited except
12 as provided in this Section to not in excess of the percentage of the assets of the
13 association set forth as follows:

14 * * *

15 (d) Real estate investments for other than association's offices. The
16 provisions of R.S. 6:243 and 246, and the rules and regulations promulgated
17 thereunder shall be applicable to associations in the same manner as they are
18 applicable to banks.

19 * * *

20 §1229.1. Applicability of rules and regulations

21 The provisions of R.S. 6:243 and 246, and the rules and regulations
22 promulgated thereunder shall be applicable to savings banks in the same manner as
23 they are applicable to banks.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 396 Original

2019 Regular Session

Anders

Abstract: Relative to bank operating subsidiaries, provides conditions for a state bank to hold immovable property in perpetuity, provides for permitted conduct by a state

bank through a wholly-owned operating subsidiary, provides a notice requirement, and provides applicability provisions.

Present law allows a state bank to hold immovable property in perpetuity, exempt from the divestiture requirements in present law, if all of the following conditions are met:

- (1) The property is not being operated by the financial institution as an ongoing business.
- (2) The property has been written down to the value of one dollar on the books of the bank.
- (3) The property has been transferred into a subsidiary of the bank.

Proposed law retains present law and adds the condition that written approval has been obtained from commissioner.

Proposed law provides that a state bank may, through a wholly-owned operating subsidiary, conduct any activity or make any investment that a state bank or national bank is authorized to conduct or make under present law.

Proposed law requires a state bank that establishes a subsidiary in accordance with proposed law to provide the commissioner written notice within the 30 days following the establishment of the subsidiary or commencement of the new activity in the subsidiary.

Proposed law requires a state bank to obtain written approval from the commissioner in order to conduct any activity through the subsidiary, except as provided for in proposed law.

Proposed law provides that proposed law shall be applicable to associations in the same manner as they are applicable to banks.

Proposed law provides that proposed law shall be applicable to savings banks in the same manner as they are applicable to banks.

(Amends R.S. 6:822 and 1229.1; Adds R.S. 6:243(C)(1)(d) and 246)