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BILL ANALYSIS

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House Bill 4976 (Substitute H-1 as reported without amendment)

Sponsor: Representative Jeff Mayes

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

CONTENT

The bill would amend Public Act 232 of 1978, which provides for banks and savings and loan associations to suspend business in the event of an emergency, to extend the Act to "financial institutions", and include a terrorist attack among the emergencies that may trigger a suspension of business.

Under the Act, the Commissioner of the Office of Financial and Insurance Services (OFIS) may authorize banks or savings and loan associations to close an office when an emergency exists or may be impending. Under the bill, the Commissioner could authorize or order a financial institution to close an office or offices if he or she determined that an emergency existed or could be impending.

The Act also allows a bank or association officer to determine not to open the office on a business or banking day, or to close the office, during an emergency. Under the bill, a financial institution officer could order an office or offices of the financial institution to close or not open if an emergency existed or was impending. The financial institution would have to notify the Commissioner and any other appropriate governmental entity, as required by law. The financial institution would have to reopen as soon as the officer determined that the emergency had ended or as authorized or ordered by the Commissioner.

Under the Act, an emergency may arise as a result of a fire, flood, earthquake, hurricane, tornado, wind, rain, snowstorm, labor dispute or strike, power failure, transportation failure, interruption of a communication facility, shortage of fuel, housing, food, or transportation, robbery or attempted robbery, actual or threatened enemy attack, epidemic or other catastrophe, riot, civil commotion, or any other act of lawlessness or violence. The bill would include a terrorist attack in the events that may give rise to an emergency. The bill also would delete reference to a shortage of transportation.

Under the bill, "financial institution" would mean a State-chartered bank, savings bank, credit union, or savings and loan association over which the OFIS Commissioner has regulatory authority for purposes of the Act. The bill would delete the Act's definitions of "bank" and "association".

MCL 487.941-487.946

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 4-20-06

Fiscal Analyst: Maria Tyszkiewicz