

CHAPTER 616—S.F.No. 203

An act relating to financial institutions; permitting interstate banking with additional reciprocating states; regulating reciprocal interstate banking; requiring the commissioner to recommend reporting requirements; amending Minnesota Statutes 1986, section 48.92, subdivision 7; 48.93, subdivision 4; 48.95, subdivision 1; and 48.991.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1986, section 48.92, subdivision 7, is amended to read:

Subd. 7. **RECIPROCATING STATE.** "Reciprocating state" is: (1) a state that authorizes the acquisition, directly or indirectly, or control of, banks in that state by a bank or bank holding company located in this state under conditions substantially similar to those imposed by the laws of Minnesota as determined by the commissioner; and (2) limited to the states of Iowa, North Dakota, South Dakota, ~~and Wisconsin,~~ Colorado, Idaho, Illinois, Kansas, Missouri, Montana, Nebraska, Washington, and Wyoming.

Sec. 2. Minnesota Statutes 1986, section 48.93, subdivision 4, is amended to read:

Subd. 4. **DISAPPROVAL.** The commissioner shall disapprove any proposed acquisition if:

(1) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank;

(2) the competence, experience, integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit the person to control the bank;

(3) the acquisition will result in undue concentration of resources or substantial lessening of competition in this state;

(4) the application fails to adequately demonstrate that the acquisition proposal would bring net new funds into Minnesota; ~~or~~

(5) the application is incomplete or any acquiring party neglects, fails, or refuses to furnish all the information required by the commissioner;

(6) a subsidiary of the acquiring bank holding company has failed to meet the requirements set forth in the federal Community Reinvestment Act; or

(7) the acquisition will result in over 30 percent of Minnesota's total deposits in financial institutions as defined in section 13A.01, subdivision 2, being held by banks located in this state owned by reciprocating state bank holding

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companies. This limitation does not apply to consideration for approval pursuant to section 48.99, special acquisitions.

Sec. 3. Minnesota Statutes 1986, section 48.95, subdivision 1, is amended to read:

Subdivision 1. **DIVESTITURE; CEASE AND DESIST.** In the event a reciprocating state bank holding company makes an acquisition other than in full compliance with the requirements and procedures of Laws 1986, chapter 339, the commissioner may:

(1) by order immediately require the reciprocating state bank holding company to divest itself of its direct or indirect ownership or control of any bank located in this state; ~~or~~

(2) by order require the reciprocating state bank holding company to cease and desist the violations by a date certain. The order would be subject to the procedures applicable to cease and desist proceedings pursuant to sections 46.23 to 46.33 and any applicable rules; or

(3) in the event control of a bank located in this state is acquired by a bank holding company that is not a reciprocating state bank holding company as a result of change of control of a reciprocating state bank holding company, the acquiring bank holding company shall divest itself of control of the bank located in this state within two years of the date of its acquisition of control of the bank.

Sec. 4. Minnesota Statutes 1986, section 48.991, is amended to read:

48.991 **DEVELOPMENTAL LOANS.**

A ~~financial institution~~ bank located in this state owned by an interstate bank holding company shall provide a level of developmental loans as defined by the commissioner by rule. In establishing the developmental loan levels for banks, the commissioner may consider the developmental loan performance of financially stable banks of comparable or smaller size that have above average levels of activity in developmental loans in reciprocating states as defined in section 48.92, subdivision 7. A "developmental loan" includes, but is not limited to, (1) loans for low and moderate income housing, loans to community development corporations, loans to woman and minority owned businesses, student education loans, and alternative energy or energy conservation loans, and (2) loans within distressed areas and on any Indian reservation for any commercial nonreal estate purpose, home loans, home improvement loans, and operating loans to family farmers. The commissioner of commerce shall annually designate distressed areas. A distressed area may be made for a geographic region smaller than a county within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The determination of a distressed area should be made on the area's unemployment rate, economic conditions, and credit needs.

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Sec. 5. RECOMMENDATIONS OF THE COMMISSIONER OF COMMERCE.

The commissioner of commerce shall recommend to the financial institutions and insurance committee of the house of representatives and the commerce committee of the senate by January 1, 1989, reporting requirements for financial institutions as defined in Minnesota Statutes, section 13A.01, subdivision 2, that address a financial institution's commitment and performance in investing in their community. The recommendations must address the following:

(1) the amount of developmental loans that financial institutions have made within their service areas. Developmental loans include, but are not limited to, loans for low and moderate income housing, operating loans to family farmers, loans made in distressed areas of the state, commercial loans to minority-owned and woman-owned businesses, loans for alternative energy and energy conservation, student loans, loans made for businesses and housing-related loans within Indian reservations, and loans to community-based economic development organizations;

(2) the degree of "redlining" by financial institutions within their service areas;

(3) the effect of reporting requirements on various sizes and types of financial institutions; and

(4) the adequacy of existing federal and state reporting requirements of financial institutions.

Approved April 24, 1988

CHAPTER 617—S.F.No. 1268

An act relating to energy; providing for the powers and duties of the commissioner of public service; clarifying definitions; regulating fluorescent lamp ballasts; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6, and by adding a subdivision; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1986, section 116J.09, is amended to read:

116J.09 DUTIES.

The commissioner shall:

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