

MAINE STATE LEGISLATURE

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(EMERGENCY)

FIRST REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 353

H.P. 294

House of Representatives, February 1, 1983

On Motion of Representative Brannigan of Portland referred to the Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Gwadosky of Fairfield.
Cosponsor: Senator Clark of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-THREE

**AN ACT to Amend the Banking Code
Regarding Demand Deposit Powers of Thrift
Institutions.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the safety and soundness of Maine thrift institutions depends on their ability to gain competitive equality with commercial banks; and

Whereas, the existing restrictions on commercial checking account powers unreasonably and unnecessarily restrict the ability of thrift institutions to compete;

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of

1 the Constitution of Maine and require the following
2 legislation as immediately necessary for the preser-
3 vation of the public peace, health and safety; now,
4 therefore,

5 Be it enacted by the People of the State of Maine as
6 follows:

7 9-B MRSA §423, sub-§2, as amended by PL 1981, c.
8 709, is repealed and the following enacted in its
9 place:

10 2. Demand deposit power. A financial institu-
11 tion may accept demand deposits from individuals and
12 others subject to such regulations as may be promul-
13 gated by the superintendent.

14 **Emergency clause.** In view of the emergency
15 cited in the preamble, this Act shall take effect
16 when approved.

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STATEMENT OF FACT

Historically, there have been limits on the demand deposit (checking account) powers of thrift institutions. One reason for this limitation, and for the unlimited authority of commercial banks in this area, was that thrift institutions were authorized, under federal law, to pay higher interest rates on deposits. Effective January 1, 1984, there will be equality of interest rates on deposits and the limitation on thrift's checking account powers will then be removed as provided by state law. Presently, thrift institutions may not offer checking accounts to businesses unless the business has a loan relationship with the bank; this "loan relationship" may be accomplished through the establishment of a minimal line of credit; the requirement is consequently not very meaningful and a hindrance to open solicitation of commercial accounts. This bill would simply allow thrifts to offer commercial checking accounts now.

The emergency effective date is required to permit these new powers as soon as possible.

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