

# MAINE STATE LEGISLATURE

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(EMERGENCY)  
SECOND REGULAR SESSION

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ONE HUNDRED AND THIRTEENTH LEGISLATURE

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Legislative Document

NO. 2503

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H.P. 1827 House of Representatives, March 11, 1988  
Reference to the Committee on Banking and Insurance  
suggested and ordered printed.

EDWIN H. PERT, Clerk  
Presented by Representative CURRAN of Westbrook.  
Cosponsored by Senators DILLENBACK of Cumberland and  
THERIAULT of Aroostook.

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STATE OF MAINE

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

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1 AN ACT to Amend the Maine Banking Code.  
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3 **Emergency preamble.** Whereas, Acts of the  
4 Legislature do not become effective until 90 days  
5 after adjournment unless enacted as emergencies; and

6 Whereas, there may exist in Maine law a loophole  
7 that would permit out-of-state financial institutions  
8 to establish deposit production offices in Maine,  
9 whose primary purpose would be to solicit and accept

1 deposits on behalf of an out-of-state organization  
2 that is not otherwise authorized to conduct banking  
3 business in this State; and

4 Whereas, establishing satellite facilities to  
5 solicit deposits for out-of-state financial  
6 institutions with no commitment to reinvest that money  
7 in Maine could create a considerable outflow of  
8 capital and is in direct contravention to the Net New  
9 Funds provision of Maine's interstate banking laws; and

10 Whereas, in the judgment of the Legislature, these  
11 facts create an emergency within the meaning of the  
12 Constitution of Maine and require the following  
13 legislation as immediately necessary for the  
14 preservation of the public peace, health and safety;  
15 now, therefore,

16 Be it enacted by the People of the State of Maine as  
17 follows:

18 Sec. 1. 9-B MRSA §131, sub-§18-A is enacted to  
19 read:

20 18-A. Financial institutions not authorized to do  
21 business in this State. "Financial institutions not  
22 authorized to do business in this State" means any  
23 person engaged in the business of banking that does  
24 not satisfy the definition of "authorized to do  
25 business in this State" found in subsection 2.

26 Sec. 2. 9-B MRSA §131, sub-§35, as enacted by  
27 PL 1975, c. 500, §1, is amended to read:

28 35. Satellite facility. "Satellite facility" or  
29 "off-premise facility" means an any facility or  
30 electronic terminal or facility at which an  
31 existing financial institution customer may initiate  
32 banking transactions including, but not limited to,  
33 cash deposits to and withdrawals from his account,  
34 cash advances on a preauthorized credit line,  
35 transfers between his checking and savings account or  
36 payment transfers from his account to accounts of  
37 other financial institution customers. Such a facility

1 is not part of a main office or branch office of a  
2 financial institution. Such an off-premise facility  
3 may be part of an electronic funds transfer system.  
4 Satellite facilities or off-premise facilities include  
5 facilities engaged in soliciting, receiving or  
6 accepting money or its equivalent on deposit from new  
7 and existing customers. The term satellite facilities  
8 or off-premise facilities does not include an office  
9 or facility engaged solely in the solicitation and  
10 origination of loans.

11 Sec. 3. 9-B M RSA §339, sub-§2, as repealed and  
12 replaced by PL 1985, c. 577, is repealed.

13 Sec. 4. 9-B M RSA §339-A is enacted to read:

14 §339-A. Prohibited branches and satellite facilities

15 1. Branches in other states. Branches are  
16 prohibited according to this subsection.

17 A. Nothing contained in this Title may be  
18 construed as permitting a financial institution to  
19 establish a branch office or facility in any state  
20 other than this State and no financial institution  
21 not authorized to do business in this State may  
22 establish or operate a branch office or facility  
23 in this State.

24 B. The operation of such a branch office or  
25 facility by such a financial institution or  
26 institutions is expressly prohibited by this  
27 section.

28 2. Satellite facilities. Satellite facilities  
29 operated by financial institutions not authorized to  
30 do business in this State are prohibited according to  
31 this subsection.

32 A. The direct or indirect operation or ownership  
33 of a satellite facility by an institution not  
34 authorized to do business in this State is  
35 expressly prohibited.

36 B. This prohibition does not apply to the

1 electronic connection or networking of electronic  
2 terminals, automated teller machines or other  
3 similar devices owned or operated by a financial  
4 institution authorized to do business in this  
5 State with similar electronic systems owned or  
6 operated by financial institutions not authorized  
7 to do business in this State and located outside  
8 of this State.

9 **Emergency clause.** In view of the emergency  
10 cited in the preamble, this Act shall take effect when  
11 approved.

12 **STATEMENT OF FACT**

13 This bill restricts the direct or indirect  
14 operation or ownership of satellite facilities by  
15 financial institutions not authorized to do business  
16 in this State. It does not alter or restrict systems  
17 of automated teller machine networks that are  
18 currently in existence.

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