

PA13-135

HB6339

Banking	607, 609, 654-655	4
House	6446-6461	16
Senate	4118-4129, 4143-4144	14
		34

**JOINT
STANDING
COMMITTEE
HEARINGS**

**BANKS
PART 2
339 – 680**

2013

1
djp/gbr BANKS COMMITTEE

March 7, 2013
2:00 P.M.

CHAIRMEN: Senator Leone
Representative Tong

MEMBERS PRESENT:

SENATORS: Crisco, Linares

REPRESENTATIVES:

Alberts, Baram, Carter,
Diminico, Frey, Guerrera,
Luxenberg, Ritter,
Rovero, Widlitz

REP. TONG: Afternoon. Is there a clerk here? All right. John are you ready? Adam are you ready? I call this public hearing to order. I think we're still waiting for members to show up and I wouldn't be surprised if people were on their way home already because of the weather, which I want to do as soon as possible.

Thank you all for being here. Let's start with COMMISSIONER HOWARD F. PITKIN, please. I'm sorry we're so far away. I wanted to be closer but the clerk told me I had to sit up here. So, I feel like there's this huge chasm between us and the witness. Good afternoon, Commissioner.

COMMISSIONER HOWARD F. PITKIN: Good afternoon, Mr. Chairman. Thank you very much. My name is Howard F. Pitkin and I'm the Commissioner of the Connecticut Department of Banking. I'm here to testify in favor of five pieces of legislation.

The first bill I'll speak on is Senate Bill 826, AN ACT CONCERNING THE STRENGTHENING OF CONSUMER CREDIT LICENSE PROTECTIONS. The proposal authorizes the Banking Commissioner to use the nationwide mortgage licensing system and registry for licensing or

SB827

SB911

HB6339

HB6340

SB971

March 7, 2013

djp/gbr BANKS COMMITTEE

2:00 P.M.

effort to better protect the consumer. Most notably, it creates a new regulatory scheme to be administered by the banking commissioner, governing persons that act as mortgage servicers. It also enhances regulatory requirements of money transmission licensees and makes other confirming changes consistent with industry standards.

Next, is House Bill 6339, AN ACT CONCERNING BANKS AND THE ECONOMIC DEVELOPMENT OF LOAN PRODUCTION OFFICES, addresses the enforcement authority of the Commissioner related to licensee and clarifies oversight of loan production offices outside the state. The bill also makes certain technical corrections.

The final proposal is House Bill 6340, AN ACT CONCERNING THE CONNECTICUT UNIFORM SECURITIES ACT. The purpose of this bill is to update the Connecticut Uniform Securities Act and incorporate certain provisions of the revised Uniform Securities Act. The bill is technical and codifies existing practices. Thank you for your attention to these matters and I'll be happy to answer any questions you may have.

REP. TONG: Thank you, Commissioner. I have a couple of questions. First, the other night when we in Sanford for our public hearing, I don't think that you had a chance to provide testimony that night and I wanted to ask you a question about one of the bills that we heard that night, I believe the number is 971 and it is a proposal regarding foreclosure by market sale.

So, I wanted to have an opportunity to hear your thoughts on that bill. You know, I think we heard a lot from the realtor community that night and a lot of compelling testimony. So, I think I asked during the hearing for both

TESTIMONY SUBMITTED TO THE BANKS COMMITTEE
March 7, 2013

Commissioner Howard F. Pitkin
Department of Banking

SB 826, AN ACT CONCERNING THE STRENGTHENING OF CONSUMER
CREDIT LICENSE PROTECTIONS,
SB 827, AN ACT CONCERNING PUBLIC DEPOSITS,
SB 911, AN ACT CONCERNING MONEY TRANSMISSION, MORTGAGE
SERVICES AND CONSUMER COLLECTION AGENCIES,
HB 6339, AN ACT CONCERNING BANKS AND THE ECONOMIC
DEVELOPMENT OF LOAN PRODUCTION OFFICES,
HB 6340, AN ACT CONCERNING THE CONNECTICUT
UNIFORM SECURITIES ACT

Good afternoon Chairman Leone, Chairman Tong and members of the committee. My name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking. I am here to testify in favor of five pieces of legislation.

The first bill I will speak on is **SB 826, AN ACT CONCERNING THE STRENGTHENING OF CONSUMER CREDIT LICENSE PROTECTIONS**. The proposal authorizes the banking commissioner to use the Nationwide Mortgage Licensing System and Registry for licensing or registration of any person engaged in a financial services industry within the jurisdiction of the commissioner and to make other technical and conforming changes as described above.

SB 827, AN ACT CONCERNING PUBLIC DEPOSITS, is a bill with many authors. A task force composed of the Connecticut Bankers Association, the Connecticut Credit Union League, the Office of the State Treasurer, the Office of Policy and Management and others worked tirelessly over the summer to draft this bill. The proposed legislation amends the public deposit laws based on the recommendations of the task force, and will afford greater protection to state and municipal deposits.

This proposal significantly improves Connecticut's existing laws concerning the protection of public deposits. It increases the protection afforded to public deposits under current law and it does so in a manner that does not unduly burden financially sound institutions. It also simplifies and streamlines the provisions regarding eligible collateral and eliminates riskier forms of collateral. Finally, the proposal gives the agency authority to increase collateral requirements in the event of an increased risk to public deposits before the factors that would automatically trigger an increase in collateral come into effect.

SB 911, AN ACT CONCERNING MONEY TRANSMISSION, MORTGAGE SERVICES AND CONSUMER COLLECTION AGENCIES makes numerous changes to the consumer credit statutes in an effort to better protect the consumer. Most notably, it creates a new regulatory scheme to be administered by the Banking Commissioner governing persons that act as mortgage servicers. It also enhances regulatory requirements of money transmission licensees and makes other conforming changes consistent with industry standards.

HB 6339, AN ACT CONCERNING BANKS AND THE ECONOMIC DEVELOPMENT OF LOAN PRODUCTION OFFICES addresses the enforcement authority of the Commissioner related to licensee and clarifies oversight of loan production offices outside the state. The bill also makes certain technical corrections.

The final proposal is ***HB 6340, AN ACT CONCERNING THE CONNECTICUT UNIFORM SECURITIES ACT***. The purpose of this bill is to update the Connecticut Uniform Securities Act and incorporate certain provisions of the Revised Uniform Securities Act. The bill is technical and codifies existing practices.

Thank you for your attention to these matters and I will answer any questions you may have on these or any other bills.

H – 1168

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2013**

**VOL.56
PART 19
6233 – 6539**

will be opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

DEPUTY SPEAKER SAYERS:

Have all the members voted? Have all the members voted? Please check the board to see that your vote has been properly cast. If all the members have voted then the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

Substitute House Bill 6355 as amended by House A.

Total Number Voting	135
Necessary for Adoption	68
Those voting aye	135
Those voting nay	0
Absent and not voting	15

DEPUTY SPEAKER SAYERS:

The bill as amended passes. Will the Clerk please call Calendar 194.

THE CLERK:

On page seven, House Calendar 194, report of the standing -- of the joint standing Committee on Banks,

HB 6339

substitute House Bill 6339, AN ACT CONCERNING BANKS
AND THE ECONOMIC DEVELOPMENT OF LOAN PROTECTION
OFFICES.

DEPUTY SPEAKER SAYERS:

Representative Tong, you have the floor, Sir.

REP. TONG (147th):

Good evening again, Madam Speaker. I move the acceptance of the joint committee's favorable report and passage of the bill.

DEPUTY SPEAKER SAYERS:

The question is on acceptance of the joint committee's favorable report and passage of the bill. Representative Tong.

REP. TONG (147th):

Thank you, Madam Speaker. This bill very quickly it provides for the Commission of the Department of Banking that they have enforcement authority and regulatory oversight over loan production offices. Those are offices that solicit loans outside of Connecticut. And it's a very simple bill.

It provides more oversight over the banking industry as a good measure for the industry and for the health of our financial system generally.

DEPUTY SPEAKER SAYERS:

Representative Tong, did you move adoption, Sir.

REP. TONG (147th):

I move adoption.

DEPUTY SPEAKER SAYERS:

The question before the Chamber is adoption of --
will remark further on the bill? Will you remark?
Representative Alberts of the 50th.

REP. ALBERTS (50th):

Thank you, Madam Speaker. The Chairman of the
Banks Committee is indeed correct. This is a very
worthy bill and it's one I hope we can support. Madam
Speaker, what would make this bill even better is the
adoption of an amendment to accompany it.

I believe the Clerk is in possession of LCO
number 7548. I ask that it be called and I be given
leave to summarize.

DEPUTY SPEAKER SAYERS:

Would the Clerk please call LCO number 7548 and
that shall be designated House Amendment Schedule A.

THE CLERK:

House A, LCO 7548 introduced by Representative
Tong et al.

DEPUTY SPEAKER SAYERS:

The Representative seeks leave of the Chamber to

summarize the amendment. Any objection to summarization? Is there any objection? Hearing none, Representative Alberts, you may proceed with summarization.

REP. ALBERTS (50th):

Thank you, Madman Speaker. We had many good bills that came out of the Banks Committee and we saw fit tonight to see -- to do what we could do to be efficient and try to present them in a way to make them entertaining for you and get them passed efficiently.

And with that in mind, Madam Speaker, I would like to move adoption of the amendment and then go into some detail.

DEPUTY SPEAKER SAYERS:

The adoption before the Chamber is on adoption of House Amendment Schedule A. Will you remark on the amendment? Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. For individuals that are following along, beginning at line five in section 501 we are proposing changes that bear a very strong resemblance to a bill dealing with providing a mechanism to regulate exchange facilitators in

Connecticut. This bears a very strong resemblance to House Bill 5392 which had a public hearing and was voted out of committee.

Essentially what we will be doing if this amendment passes is applying model language to establish a regulatory standard to manage the 1031 market throughout the State, Madam Speaker. Going a little bit further in the amendment that's before us at line 206 we have language that refers to the public deposit bill that we looked at in the Banks Committee and also had a public hearing on and voted out of committee.

This is a very significant proposal that is -- was worked on during the summer by a taskforce orchestrated and led by the Department of Banking. And all parties were brought together. Essentially what this section of the bill does is it streamlines some of the different types of collateral that's necessary for us to properly secure public deposits.

And it does it in a way that makes sure that we're efficient. It does it in a way that matches up risk with the type of public deposits and the nature of the organization. So organizations that have higher levels of risk, financial institutions that

have higher levels of risk have to maintain higher collateral ratios. Organizations, financial institutions that are under some type of regulatory orders also have to maintain higher standards of collateral as well.

Going further in the bill to line 551 we have language in section 512 that addresses a bill that some people might recall as Senate Bill 913 which requires the notification of the sale of real property tax liens.

One of the things that we learned during the course of the session, Madam Speaker, is that there are a number of folks that purchase tax liens and tax liens accumulate at the rate of 18 percent per year interest. And that 18 percent per year rate actually put homeowners at a disadvantage and financial institutions at a disadvantage as well. And this section will address that.

And then at line 574 one of the items that we're also looking to do is address the debt security limits for Connecticut banks. And at the beginning of this point in the bill we'll see modernization of the ability of banks to leverage their levels of collateral to be as efficient as possible.

So Madam Speaker, I think that pretty much summarizes this amendment that's before us. It's the result of a lot of hard work between the Chairs and the Ranking Members also industry and the Banking Commissioner. So this is something that I'm proud to offer and I encourage my colleagues to support. Thank you.

DEPUTY SPEAKER SAYERS:

Thank you, Representative. Will you remark further on the amendment that is before us? Representative Tong of the 147th.

REP. TONG (147th):

Thank you, Madam Speaker. I do want to thank the Ranking Member here in the House and the Department for bringing these proposals forward. And I agree with the Ranking Member that is a good amendment and I encourage adoption. Through you.

DEPUTY SPEAKER SAYERS:

Will you remark further? Will you remark further on the amendment that is before you? If not, let me try your minds. All those in favor signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER SAYERS:

All those opposed, nay -- nay. The amendment
nay. The ayes have it. The amendment is adopted.
Will you remark further on the bill that is amended?
Representative Davis of the 57th.

REP. DAVIS (57th):

Thank you, Madam Speaker. The Clerk is in
possession of an amendment, LCO number 7600. Will the
Clerk please call the amendment and may I be allowed
to summarize.

DEPUTY SPEAKER SAYERS:

Will the Clerk please call LCO number 7600 and
which will be designated House Amendment Schedule B.

THE CLERK:

House Amendment Schedule B, LCO 7600 represented
by -- or introduced by Representative Tong -- or
Davis, Tong and Alberts.

DEPUTY SPEAKER SAYERS:

The Representative seeks leave of the Chamber to
summarize the amendment. Is there any objection to
summarization? Is there any objection? Hearing none,
Representative Davis, you may proceed with
summarization.

REP. DAVIS (57th):

Thank you, Madam Speaker. The amendment simply decreases from 60 to 45 days the time in which an appraisal management company must pay an appraiser for an appraisal or evaluation assignment. By law the time period starts when the appraisal -- appraiser transmits or otherwise provides a completed appraisal or evaluation study to the company or its assignee.

And the deadline does not apply in cases of breach of contract or substandard performance of services or whether the parties have mutually agreed upon alternate payment schedule in writing. I move adoption.

DEPUTY SPEAKER SAYERS:

The question before the Chamber is adoption of House Amendment Schedule B. Will you remark on the amendment?

REP. DAVIS (57th):

Thank you.

DEPUTY SPEAKER SAYERS:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker. I want to thank the -- the kind Chairman of the Banks Committee and the Ranking Member of the Banks Committee for adopting

this amendment. Tis bill passed -- or it's very similar to a bill that passed through both the Banks Committee and the Insurance and Real Estate Committee unanimously.

Has no fiscal note on the State and simply helps our small business owners that are appraisers here in the State to get paid just a little bit quicker so we can have a little bit more economic development here in the State. Thank you, Madam Speaker. And I encourage all of my colleagues to support it.

DEPUTY SPEAKER SAYERS:

Representative Tong of the 147th.

REP. TONG (147th):

Thank you, Madam Speaker. I want to thank Representative Davis for bringing this to our attention. I regard this as a friendly amendment and urge adoption.

DEPUTY SPEAKER SAYERS:

Representative Carter of the 2nd.

REP. CARTER (2nd):

Thank you, Madam Speaker. I have one question through you to the proponent of the amendment.

DEPUTY SPEAKER SAYERS:

Please frame your question, Sir.

REP. CARTER (2nd):

Thank you, Madam Speaker. Through you. Did they consider doing the 30 day response or 30 day limit for payment? Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Davis.

REP. DAVIS (57th):

Through you, Madam Speaker. Yes, they -- the 30 day amendment was the original proposed bill in the Insurance and Real Estate Committee but compromise was made and what was actually passed out of the committee is then ultimately included in this amendment was the 45 day time period. Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Carter.

REP. CARTER (2nd):

Thank you, Madam Speaker. I thank the good colleague for his answers.

DEPUTY SPEAKER SAYERS:

Representative Alberts of the 50th.

REP. ALBERTS (50th):

Thank you, Madam Speaker. I rise in support of the amendment that's before us and do believe it's going to add to the value here of the bill that's

before us. I would ask colleagues to support this friendly amendment at least to their -- the Ranking Member's side. And also after we vote on this to support the underlying bill. Thank you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Will you remark? Will you remark further on the amendment that is before us? If not, I will try your minds. Representative Miller of the 145th, do you wish to speak on the amendment, Ma'am?

REP. MILLER (145th):

Yes, Madam Speaker. Questions to the proponent of the amendment please.

DEPUTY SPEAKER SAYERS:

Representative Davis, please prepare yourself.

REP. MILLER (145th):

Through you, Madam Speaker. Can you have -- can the proponent of the amendment explain to me why we changed it from 60 days to 45 days --

DEPUTY SPEAKER SAYERS:

Representative --

REP. MILLER (145th):

-- on line 11.

DEPUTY SPEAKER SAYERS:

Representative Davis.

REP DAVIS (57th):

Thank you, Madam Speaker. Yes, this was a situation that was brought forth and heard in the Insurance and Real Estate Committee a situation where appraisers were not receiving payment in a timely manner. Previously State law was 60 days.

They actually wanted a much shorter time period, compromise was made that 45 days is appropriate as it aligns itself with similar proposed -- similar legislation in other states. Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Miller.

REP. MILLER (145th):

Yes, Madam Speaker. Thank you. Through you to the proponent of the amendment. So what impact would the 60 days have on the industry? Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker. The 60 day time period which was the previous time period was normally

followed but there were situations where certain appraisal management companies were not following that.

By limit-- reducing it to 45 days it would simply ask that they make that payment 15 days earlier. In most cases they already do make that payment within that 45 day period but this is simply requiring that they do do it within that 45 day period. Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Miller.

REP. MILLER (145th):

Thank you, Madam Speaker. And through you, Madam Speaker, I'd like to thank the kind Gentleman for his explanation and I will be supporting the amendment. Thank you.

DEPUTY SPEAKER SAYERS:

Will you remark? Will you remark further on the amendment that is before us? If not, let me try your minds. All those in favor will signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER SAYERS:

Those opposed, nay. The ayes have it. The

amendment passes. Will you remark further on the bill as amended? Will you remark further on the bill as amended? If not, will staff and guests please come to the well of the House. Will the members take your seat and the machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

DEPUTY SPEAKER SAYERS:

Have all the members voted? Have all the members voted? Please check the board to see that your vote has been properly cast. If all the members have voted the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

Substitute House Bill 6339 as amended by House A and B.

Total Number Voting	134
Necessary for Adoption	68
Those voting aye	134
Those voting nay	0
Absent and not voting	16

DEPUTY SPEAKER SAYERS:

The bill passes as amended. Will the Clerk
please call Calendar 516.

THE CLERK:

On page 22, 516, favorable report of the joint
standing Committee on Judiciary, substitute House Bill
6689, AN ACT CONCERNING BAIL BONDS.

DEPUTY SPEAKER SAYERS:

Representative Ritter.

REP. RITTER (1st):

Good evening, Madam Speaker. I move acceptance
of the joint committee's favorable report and passage
of the bill.

DEPUTY SPEAKER SAYERS:

The question is on acceptance of the joint
committee's favorable report and passage of the bill.
Representative Ritter, you have the floor.

REP. RITTER (1st):

Thank you, Madam Speaker. There will be an
amendment but I would like to summarize the underlying
bill which essentially remains intact except for one
section. We're just making some -- some small changes
to the -- to bail bonds as the title sort of alludes
to. A couple things basically which I consider sort
of clean up and technical.

S - 664

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2013**

**VOL. 56
PART 13
3813 - 4129**

we have to protect our consumers. But at the same time protect our financial industry, Senator Linares, the - - the Ranking Member downstairs and my co-Chairman.

We could not have done this without the work of everyone who came to the table. And it was - - it was a lot of work. It was a lot of details. The issues are complex and - - and we're not always the experts but we've got the experts to the table and said you need to find common ground. And then that's what this bill is.

This bill is common ground, and it's a tighter, efficient, sleeker version of the one that we currently have. And I believe this will only help the industry and all those that do need to go it - - go through it.

So with that, Madam President, if there are no objections, I would urge to put this on Consent.

THE CHAIR:

Seeing no objections, Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

On page 29, Calendar 655, substitute for House Bill Number 6339, AN ACT CONCERNING BANKS, LOAN PROTECTION OFFICES, EXCHANGE FACILITATORS, PUBLIC DEPOSITS AND REAL PROPERTY TAX LIENS. Favorable report of the Committee on Banks.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

I move acceptance of the joint committee's favorable report and passage of the bill in concurrence with the House.

THE CHAIR:

Motion is on acceptance and passage.

Will you remark, sir?

SENATOR LEONE:

Thank you, Madam President.

Madam President, this bill is another bill from the Banks Committee that has culminated in, again, a lot of work and detail. We actually combined several key topics to make our passage of the bill and bringing out the bill in a little bit more streamlined process.

So what this bank - - what this bill does is it incorporates several concepts. One is it would require persons and entities who comply - - to comply with best practices and standards when they facilitate tax-deferred exchanges in the state.

It updates technical changes to the public deposit laws. It also requires notifications of the assignment of tax liens on real properties to ensure that the holder of mortgages on such real property is aware of such assignments.

And it also allows our Connecticut banks to invest in additional debt securities that other banks outside entities are doing and it would establish Connecticut banks a more competitive basis.

So this incorporates several ideas. Many are technical. They are Department of Banking bills. They are banking industry bills, and I would urge support and passage.

THE CHAIR:

Will you remark further?

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

Once again, it was - - it was good to work with Senator Leone on many of these bills in the aircraft - - or in - - in this omnibus package here.

The good Senator mentioned the language for exchange facilitators, which would regulate the participants of the exchange. Also the good Senator has mentioned the bill regarding loan production offices.

And if I may, I just have a quick question for Senator Leone, the proponent of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR LINARES:

So this bill allows Connecticut banks with the banking commissioner's approval to establish loan production offices out of state instead of just in state. A loan production office is an office whose activities are limited to loan production and solicitation.

So through you, Madam President, I just was curious as to why there was a request for this.

Through you.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President.

That was a request from the banking industry, and as a result of that, we felt compelled to assist them in making their - - making their ability to do their job that much easier.

Through you, Madam President.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

And also, what - - was there a section in this bill that had to do with public deposits?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President.

That is correct, and if you just give me one second. Yes. Under current law, all public deposits must be protected against loss and to secure such deposits all qualified deposits must maintain a specified minimum amount of eligible collateral.

So what this would do is it would increase - - the bill changes the collateralization requirements by increasing the risk-based capital ratio of threshold. It makes a distinction between QPDs. That is - - that is a bank of out of state bank.

And adding tier one leverage ratio as an additional measure for banks and net worth ratio as a measure of credit unions.

It also establishes new minimum collateralization levels, depending on whether the QPD is not under formal regulatory order, and has been conducting business in the state for less than two years or is an uninsured bank.

It also changes the conditions under - - under which the QPD and public depositor may agree to a

collateralization level that is different from the applicable statutory minimum, and finally it gives the commissioner authority to increase required collateralization level as deemed necessary for the protection of those public deposits.

Through you, Madam President.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you, Senator, for your answer to my question. I - - I also see it is my understanding that there is a section of this bill that has to do with tax liens. I just had a - - a quick question with what is the current tax lien practice and - - and how has it affected municipalities and banks and - - and what would this bill do to change that?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

This portion would require the party to who the municipalities assign the tax lien or any subsequent assignee to provide written notice to the mortgage holder within 30 days after the assignment.

So it would require the information contained in the notice to include the name and address of the party to whom the tax lien was assigned, the amount of unpaid taxes, interest and fees as the date of assignment, and information to identify the property.

So it makes sure that all the information is available to the public.

Through you, Madam President.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you. Thank you, Senator, for your answers to my question once again. I think that this is an example of a - - of a balanced bill, which can happen when all parties are at the table working together to find common ground and I'd like to thank the good Senator for working with me on this bill. He's done a great job leading the committee.

And I would ask the support of my colleagues for this bill.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. I stand for the purpose of questions to the proponent of the bill.

QUESTION:

Please proceed, sir.

THE CHAIR:

SENATOR MCLACHLAN:

Thank you, Madam President.

Through you to the proponent of the bill.

Senator, I - - I wonder if we could just clarify some points of section five regarding exchange facilitators.

Through you, Madam President.

Is there a particular challenge in that industry that has brought forward these proposals?

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President.

Again, these were topics brought forth - - forth from the - - the industry, as well as the banking department, and the exchange facilitator - - I'll elaborate from the summary - - maintains that Connecticut's Office to Solicit Business facilitating the exchanges of the like kind property, or for a fee, facilitate these exchanges of like kind properties by entering into an agreement with clients in which the facilitator acquires contractual rights to sell the clients, relinquish Connecticut property and transfer of the replacement property to the client.

So it also does - - what it does not include is that the financial institution would act solely as a depository for these funds, or be the qualified escrow - - escrow holder or qualified trustee, and not otherwise facilitating these exchanges.

Also, a person or entity teaching seminars or classes, giving presentation to the attorneys, via accounts or other professionals about tax-deferred exchanges or how to act as exchange facilitators, or advertising seminars, classes or presentations.

These are not included. Any entities the exchange facilitator or person representing one wholly owned and uses to facilitate these exchanges or take title to the Connecticut property as an exchange accommodation title holder also does not - - are not included.

So under the bill, these financial institutions are any state or federally chartered banks, credit unions, savings and loan holding companies, savings and loan associations, savings banks, trust companies or trust bank (inaudible) accounts are insured by the full faith and credit of the United States Federal Deposit Insurance Corporation, as well as the National Credit Union Share Insurance Fund or other similar programs.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Thank you, Senator Leone for that information.

My - - my question would be was the genesis of this change in legislation a problem in the facilitator industry?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President.

According to the department, the answer would be yes. They notified us that they were having difficulties, and that's the result of their request.

THE CHAIR:

Through you, Madam President.

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

And through you, Madam President, does this legislation seek to regulate the exchange facilitators' rates for their services?

Through you.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President.

I'm - - I'm not quite sure I fully understand. I - - I don't think the department would be doing anything other than what they currently do, and that would be my - - my understanding.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Rate meaning the fee that the facilitator would charge to the customer for the transaction. Is this legislation, as I've given a cursory review of it now, and will look at it very carefully before we vote on it, does it seek to provide specific rates that are allowed to be charged by the facilitator to the client?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Madam President, through you, the bill requires that at all times the - - the exchange facilitator would maintain a minimum of \$250,000 in errors and omissions for insurance policy, executed by the Connecticut authorized insurer, and it would deposit at least \$250,000 in cash or securities or provide at least 250,000 in irrevocable letters of credit.

Again, I think the practice would be consistent with what the banking department currently does.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

So I'm sensing, based on the - - the detail included in this proposed legislation related to exchange facilitators that current state statute had very little regulation pertaining to this industry. Would that be an accurate assessment?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President.

I would - - I wouldn't - - I'm not sure I would characterize it as little regulation. I would say their regulation can be approved upon, and that's what the goal and intent of this legislation hopes to achieve.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

And it's my understanding that the exchange is a federally-regulated transaction. Is it unusual for state banking regulation to chime in on a federally regulated transaction?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President.

Obviously the State of Connecticut cannot trump federal regulation, but to the effect that they can institute tighter controls, then that would be the reason why the department would weigh on this.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Thank you, Senator, for your answers.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

And again, I want to thank everyone for their assistance on this. Again through my Ranking Member Senator Linares, who's been quite helpful, and without any objection, I would urge to put this on Consent.

THE CHAIR:

Is there any objection? Seeing no objection, so ordered.

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, yes, if the clerk would call as the next item Calendar page 29, Calendar 655, and House - -

THE CHAIR:

Sir, sorry, sir. That we've just put on Consent.

SENATOR LOONEY:

Oh, that one. And - - and Calendar - - Calendar 31, Calendar 665, we're also set.

THE CHAIR:

Yes.

SENATOR LOONEY:

So we have just Calendar page 34, Calendar 201, Senate Bill 911.

S - 665

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2013**

**VOL. 56
PART 14
4130 - 4472**

Calendar page 29, Calendar 653, substitute for House Bill Number 6699. And, finally, Madam President, on Calendar page 31, Calendar 664, substitute for House Bill Number 6689.

I would like to add those items to our Consent Calendar and, and now call for a, I would ask the Clerk to list all of the items on the Consent Calendar and then proceed to a vote on that first Consent Calendar.

Thank you, Madam President.

THE CHAIR:

Thank you.

Mr. Clerk.

THE CLERK:

Today's first Consent Calendar, on page 5, Calendar 341, House Bill 6364; Calendar 343, House Bill 5425; Calendar 346, House Bill 6322; Calendar 347, House Bill 6547; and on page 6, Calendar 349, House Bill 5513; page 9, Calendar 450, Senate Bill 921; on page 13, Calendar 506, House Bill 6491; Calendar 515, House Bill 6235.

On page 14, Calendar 524, House Bill 6380; on page 16, Calendar 559, House Bill 6508; page 17, Calendar 563, House Bill 5617; Calendar 569, House Bill 6485; and on page 19, Calendar 588, House Bill 6549; on page 23, Calendar 614, House Bill 6587; Calendar 616, House Bill 6678; page 25, Calendar 629, House Bill 6662; on page 26, Calendar 633, House Bill 6576; and on page 27, Calendar 640, House Bill 6550; on page 28, Calendar 650, House Bill 6659.

And on Page 29, Calendar 653, House Bill 6699; Calendar 655, House Bill 6339; page 31, Calendar 664, House Bill 6689; Calendar 665, House Bill 6355; page 34, Calendar 201, Senate Bill 911; and on page 40, Calendar 514, House Bill 5725.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote on the first Consent Calendar. And the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call in the Senate on the first Consent Calendar of the day.

THE CHAIR:

Yeah, thank you. Good. There we go.

If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

On the first Consent Calendar,

Total Number Voting 34

Necessary for Adoption 18

Those voting Yea 34

Those voting Nay 0

Those absent and not voting 2

THE CHAIR:

Consent Calendar passes.

Senator Looney.

SENATOR LOONEY:

Madam President.

THE CHAIR:

Senator Looney.