

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 1/17/13

PRIME SPONSOR: Brubaker

BILL NO: SB371

PREPARED BY: Allison Dutrey

PRINTER'S NO: 294

A. Synopsis:

SB371 repeals the Savings Association Code of 1967. This bill is part of the Banking Law Modernization Package.

A. Summary:

The Savings Association Code of 1967 provides state-chartered savings and loan associations with their powers, and regulates those powers. At one time, there were hundreds of savings and loan associations operating in Pennsylvania. Following the S&L Crisis of the late 1980's, their numbers have dwindled and now only four remain: Armstrong County Building & Loan in Ford City; ESSA Bank & Trust in Stroudsburg, Monroe County; Fidelity S&L in Bristol, Bucks County; and Slovenian S&L in Strabane, Washington County.

Under SB371, the Department of Banking is seeking to become more cost effective and eliminate this separate regulatory and examination program for just four institutions by repealing the Savings Association Code and encouraging the remaining four institutions to convert to state-chartered savings bank form.

The Department would give them sufficient time to convert, and waive all conversion and charter fees. They will be regulated by the Federal Deposit Insurance Corporation (FDIC) for compliance purposes.

Additionally, there would be no need for these four entities to change the way they do business, and no reduction would occur in their powers or authorities. They would also be taxed the same way – under the mutual thrift tax.