



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2007 Wisconsin Act 112
[2007 Senate Bill 378]

**Restrictions on Banks Concerning
Commercial Activities**

2007 Wisconsin Act 112 prohibits banks from placing branch banks within a 1.5-mile radius of property used by an affiliate of that bank that engages in commercial activities.

Under current law, state banks may establish and maintain branch banks that are approved by the Division of Banking in the Department of Financial Institutions. Also, out-of-state banks may, subject to certain restrictions, establish branch banks in Wisconsin.

2007 Wisconsin Act 112 prohibits both state banks and out-of-state banks from directly or indirectly establishing or maintaining in this state a branch bank that is located within a 1.5-mile radius of premises or property owned, leased, or otherwise controlled, directly or indirectly, by an affiliate of the bank that engages in commercial activities. The Act provides that no bank may circumvent the prohibition by first establishing a branch bank then locating, or attempting to influence or facilitate the location of, an office of the bank's affiliate engaged in commercial activities within a 1.5-mile radius of the location of the branch bank. "Affiliate" is defined as any company that directly or indirectly controls, or is under common control with, another company. "Commercial activities" is defined as those activities in which a bank holding company, financial holding company, national bank, state bank or state universal bank is not authorized to engage under federal or state law. Generally, these activities include retail transactions that are not financial in nature (for example, the sale of groceries or pharmacy products).

The Act does not apply to the establishment of branch banks that were approved by the Division of Banking on or before April 2, 2008.

Effective Date: Act 112 takes effect on April 2, 2008.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.