

2013 DRAFTING REQUEST

Bill

Received: 2/28/2013 Received By: agary

Wanted: As time permits Same as LRB: -1635

For: Dale Schultz (608) 266-0703 By/Representing: Sanchit Mulmuley

May Contact: Drafter: agary

Subject: Fin. Inst. - banking inst. Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Sen.Schultz@legis.wisconsin.gov

Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Bank service corporations

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 2/28/2013	jdyer 2/28/2013	jfrantze 2/28/2013	_____			
/1				_____	sbasford 2/28/2013	rose 3/1/2013	State

FE Sent For:

*atw
3/7/13*

<END>

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1/?	agary	1 2/28 jld		to 2/28			

FE Sent For:

<END>

Gary, Aaron

From: Schacht, Nathan
Sent: Thursday, February 28, 2013 1:11 PM
To: Gary, Aaron
Cc: Mulmuley, Sanchit
Subject: LRB 1635/1 (bank service corps)

Aaron,

Please draft a Senate version of this bill for Sen. Schultz. Sanchit Mulmuley is the contact in Senator Schultz's office.

Thanks.

Nathan Schacht
Office of State Representative David Craig
83rd Assembly District
P: (608) 266-3363
E: nathan.schacht@legis.wi.gov



State of Wisconsin
2013 - 2014 LEGISLATURE

in
2/28



LRB-1635/T
ARG: gjf:m

1760/1
Kif

TODAY

RMR

2013 BILL

companion - no changes
LRB-1635 already edited today

X

Reger

1 AN ACT to repeal 221.1101 (3); to amend 221.1101 (1) (b); and to create
2 221.1101 (6) and 227.01 (13) (yw) and (yy) of the statutes; relating to: bank
3 service corporations and credit union service organizations.

Analysis by the Legislative Reference Bureau

Under current law, two or more banks may organize a corporation to perform bank services (bank service corporation) by investing not more than 10 percent of each bank's capital in the bank service corporation and holding the capital stock of the bank service corporation. A bank service corporation may perform bank services for banks, but may not engage in any other activity. "Bank services" are defined to mean check and deposit sorting and posting; computation and posting of interest and other credits and charges; preparation and mailing of checks, statements, notices, and similar items; or any other clerical, bookkeeping, accounting, statistical, or other similar functions performed for a bank. In addition to using a bank service corporation, a bank may contract to have performed for the bank any bank service if both the bank and the contractor assure the Division of Banking (division) in the Department of Financial Institutions (DFI) that the performance of the service will be subject to regulation and examination by the division to the same extent as if the service were performed by the bank.

Also under current law, a bank that has not organized a bank service corporation (nonparticipant bank) and that is competitive with banks that have organized a bank service corporation may obtain bank services from the bank service corporation by, at the nonparticipant bank's option, either: 1) acquiring an

BILL

ownership interest in the bank service corporation, or 2) obtaining the bank service at a rate no higher than necessary to fairly reflect the cost of the service, including the cost of capital contributions of the bank service corporation owners. However, the bank service corporation may deny a bank service to the nonparticipant bank if the bank service is available from another source at a competitive cost or if providing the bank service to the nonparticipant bank would be beyond the practical capacity of the bank service corporation.

This bill expands the definition of “bank services” to specifically include auditing, compliance, loan documentation, administrative, and technology functions performed for a bank, as well as any other service established by the division. The bill allows the division to establish additional services as “bank services” if the services are related to the routine daily operations of banks. The division is not required to engage in rule-making to establish additional services as “bank services.” If a bank files a written request with the division to establish additional services as “bank services,” the division must approve or disapprove the request within 60 days after receiving the request.

The bill also repeals the requirement that a bank service corporation provide bank services to nonparticipant banks.

Current law allows credit unions to invest in credit union service organizations (CUSOs), which may provide specified services related to the routine daily operations of credit unions. The Office of Credit Unions (OCU) in DFI may expand this list of permissible services provided by CUSOs. This bill specifies that OCU is not required to engage in rule-making to expand this list of permissible services.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 221.1101 (1) (b) of the statutes is amended to read:

2 221.1101 (1) (b) “Bank services” means check and deposit sorting and posting,
3 computation and posting of interest and other credits and charges, preparation and
4 mailing of checks, statements, notices and similar items, ~~or any other clerical,~~
5 bookkeeping, accounting, statistical, auditing, compliance, loan documentation,
6 administrative, technology, or other similar functions performed for a bank, or any
7 other service established under sub. (6).

8 **SECTION 2.** 221.1101 (3) of the statutes is repealed.

Parisi, Lori

From: Mulmuley, Sanchit
Sent: Friday, March 01, 2013 2:00 PM
To: LRB.Legal
Subject: Draft Review: LRB -1760/1 Topic: Bank service corporations

Please Jacket LRB -1760/1 for the SENATE.