

COMMERCE: Palmer, Chair; Delahery and Holden

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SENATE FILE 72
BY HOLDEN

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to restrictions on the number and location of
2 branch banks and bank offices and the authorization of
3 statewide branch banking.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 524.103, Code 1987, is amended by
2 adding the following new subsections:

3 NEW SUBSECTION. 28. "Bank office" means a bank's
4 principal place of business, a branch bank, or an integral
5 facility under section 524.1202.

6 NEW SUBSECTION. 29. "Principal place of business" means a
7 bank's home or headquarters business location within the
8 state, at which central executive and official business
9 functions are exercised, and at which principal record-keeping
10 functions, other than data processing, are performed for all
11 bank offices within the state, and at which all banking
12 services ordinarily furnished by the bank to customers and
13 depositors are available.

14 NEW SUBSECTION. 30. "Branch bank" means a location at
15 which a bank offers any or all of the banking services to
16 customers available at the bank's principal place of business,
17 which location is not an integral facility under section
18 524.1202.

19 Sec. 2. Section 524.1201, Code 1987, is amended to read as
20 follows:

21 524.1201 GENERAL PROVISIONS.

22 ~~No bank shall open or maintain a branch bank.~~ A state bank
23 may establish and operate bank offices, including branch
24 banks, subject to approval and regulation of the
25 superintendent ~~and to the restrictions upon location and~~
26 ~~number imposed by section 524.1202.~~ A ~~bank office~~ branch bank
27 may furnish all banking services ordinarily furnished to
28 customers and depositors at the principal place of business of
29 the state bank which operates the ~~office~~ branch, and a ~~bank~~
30 ~~office~~ branch bank manager or an officer of the bank shall be
31 physically present at each ~~bank office~~ branch bank during a
32 majority of its business hours. The central executive and
33 official business and principal record-keeping functions of a
34 state bank shall be exercised only at its principal place of
35 business, except that data processing services referred to in

1 section 524.804 may be performed for the state bank at some
2 other point. All transactions of a ~~bank-office~~ branch bank
3 shall be immediately transmitted to the principal place of
4 business of the state bank which operates the ~~office~~ branch,
5 and no current record-keeping functions shall be maintained at
6 a ~~bank-office~~ branch bank except to the extent the state bank
7 which operates the ~~office~~ branch deems it desirable to keep
8 there duplicates of the records kept at the principal place of
9 business of the state bank.

10 Sec. 3. Section 524.1202, Code 1987, is amended to read as
11 follows:

12 524.1202 LOCATION OF OFFICES.

13 The location of any new bank office, or ~~any a~~ change of
14 location of a previously established bank office, ~~shall-be~~ is
15 subject to the approval of the superintendent. ~~No-state-bank~~
16 ~~shall-establish-a-bank-office-outside-the-boundaries-of-the~~
17 ~~counties-contiguous-to-or-cornering-upon-the-county-in-which~~
18 ~~the-principal-place-of-business-of-the-state-bank-is-located.~~

19 1. Except as otherwise provided in subsection 2 of ~~this~~
20 section, no state bank shall establish a bank office outside
21 the corporate limits of a municipal corporation ~~or-in-a~~
22 ~~municipal-corporation-in-which-there-is-already-an-established~~
23 ~~state-or-national-bank-or-office,~~ ~~however-the-subsequent~~
24 ~~chartering-and-establishment-of-any-state-or-national-bank,~~
25 ~~through-the-opening-of-its-principal-place-of-business-within~~
26 ~~the-municipal-corporation-where-the-bank-office-is-located,~~
27 ~~shall-not-affect-the-right-of-the-bank-office-to-continue-in~~
28 ~~operation-in-that-municipal-corporation.~~ The existence and
29 continuing operation of a bank office shall not be affected by
30 the subsequent discontinuance of a municipal corporation
31 pursuant to the provisions of sections 368.11 to 368.22. A
32 bank office existing and operating on July 1, 1976, which is
33 not located within the confines of a municipal corporation,
34 shall be allowed to continue its existence and operation
35 without regard to this subsection.

1 2. a. A state bank may establish bank-offices-within-the
2 municipal-corporation-or-urban-complex-in-which-the-principal
3 place-of-business-of-the-bank-is-located, subject-to-the
4 following-conditions-and-limitations: any number of branch
5 banks in any number of municipal corporations.

6 (1)--If-the-municipal-corporation-or-urban-complex-has-a
7 population-of-one-hundred-thousand-or-less-according-to-the
8 most-recent-federal-census, the-state-bank-shall-not-establish
9 more-than-three-bank-offices.

10 (2)--If-the-municipal-corporation-or-urban-complex-has-a
11 population-of-more-than-one-hundred-thousand-but-not-more-than
12 two-hundred-thousand-according-to-the-most-recent-federal
13 census, the-state-bank-shall-not-establish-more-than-four-bank
14 offices.

15 (3)--If-the-municipal-corporation-or-urban-complex-has-a
16 population-of-more-than-two-hundred-thousand-according-to-the
17 most-recent-federal-census, the-state-bank-shall-not-establish
18 more-than-five-bank-offices.

19 b.--For-purposes-of-this-subsection, "urban-complex" means
20 the-geographic-area-bounded-by-the-corporate-limits-of-two-or
21 more-municipal-corporations, each-of-which-being-contiguous-to
22 or-cornering-upon-at-least-one-of-the-other-municipal
23 corporations-within-the-complex.--A-state-bank-located-in-a
24 municipal-corporation-or-urban-complex-which-is-located-on-a
25 boundary-of-this-state-and-contiguous-to-a-municipal
26 corporation-in-another-state-may-have-one-bank-office-in
27 addition-to-the-number-of-bank-offices-permitted-by-paragraph
28 "a"; provided-that-nothing-contained-in-this-paragraph
29 authorizes-a-state-bank-to-establish-a-bank-office-outside-of
30 the-boundaries-of-this-state.

31 e b. One such-facility bank office located in the
32 proximity of a state bank's principal place of business may be
33 found by the superintendent to be an integral part of the
34 principal place of business, and not a bank branch office
35 within the meaning of this section. This-paragraph-does-not

1 authorize more than one facility to be found to be an integral
2 part of a bank's principal place of business.

3 d. One such facility that is bank office located on the
4 same property, or that is adjacent to or cornering upon the
5 property on which an office of a branch bank is located, or
6 that is separated from being adjacent to or cornering upon the
7 property only by a street, alley, or other publicly owned
8 right of way, may be found by the superintendent to be an
9 integral part of that office-location branch bank and not a
10 separate branch bank office within the meaning of this

11 section. ~~This paragraph does not authorize more than one
12 facility to be found to be an integral part of a bank office.~~

13 3. Notwithstanding subsection 1, if the assets of a state
14 or national bank in existence on January 1, 1985 1987 are
15 transferred to a different state or national bank ~~in the state~~
16 ~~which is located in the same county or a county contiguous to~~
17 ~~or cornering upon the county in which the principal place of~~
18 ~~business of the acquired bank is located~~ which is otherwise
19 authorized to acquire the assets of a state or national bank
20 within Iowa, the resulting or acquiring bank may convert to
21 and operate as its bank office any one or more of the business
22 locations occupied as the principal place of business or as a
23 branch bank office of the bank whose assets are so acquired.

24 ~~The limitations on bank office locations contained in~~
25 ~~unnumbered paragraph 1 of this section, and the limitation on~~
26 ~~the number of bank offices within the municipality or urban~~
27 ~~complex of the resulting or acquiring bank contained in~~
28 ~~subsection 2 shall be applicable to any bank office otherwise~~
29 ~~authorized by this subsection.--A bank office established~~
30 ~~under the authority of this subsection~~

31 4. A branch bank or principal place of business
32 established by a state bank is subject to the approval of the
33 superintendent, shall be operated in accordance with this
34 chapter relating to the operation of bank offices, and may be
35 augmented by an integral facility when approved under

1 subsection 2, paragraph paragraphs "d" "b" or "c".

2 5. The superintendent shall adopt rules for establishing a
3 bank office. However, the rules adopted by the superintendent
4 may not restrict the total number of banking facilities within
5 a geographic region or otherwise evaluate an application to
6 establish a bank office based upon population-tied criteria,
7 competitive or anticompetitive criteria, or require a finding
8 that the convenience and needs of the public and existing
9 customers will be served by a proposed bank office. The
10 superintendent may deny an application to establish a bank
11 office based upon one or more of the following:

12 a. The application is inconsistent with applicable
13 statutes or rules.

14 b. The application does not contain all required or
15 requested information.

16 c. The plan is inequitable to a class of members or
17 shareholders.

18 d. The plan is likely to have an unreasonably negative
19 impact upon the bank's financial soundness.

20 e. Any other reasonable criteria the superintendent adopts
21 by rule, consistent with this chapter.

22 Sec. 4. Section 524.1419, Code 1987, is amended to read as
23 follows:

24 524.1419 OFFICES OF A RESULTING STATE BANK.

25 If a merger, consolidation or conversion results in a state
26 bank subject to the provisions of this chapter, the resulting
27 state bank shall, after the effective date of the merger,
28 consolidation or conversion, be subject to all the provisions
29 of sections 524.1201, 524.1202, and 524.1203 relating to the
30 bank offices and parking-lot-offices.

31 EXPLANATION

32 This bill amends chapter 524 to permit banks to establish
33 any number of branch banks in any number of municipalities
34 within the state. Section 1 of the bill provides key
35 definitions of the terms "bank office", "principal place of

1 business", and "branch bank". Section 2 of the bill retains
2 requirements in section 524.1201 that a branch bank manager or
3 an officer of the bank be physically present at each branch
4 bank during the majority of its business hours, that bank
5 records be maintained in the principal place of business, and
6 other operating requirements.

7 Section 3 of the bill amends section 524.1202 to remove
8 geographic-and population-tied restrictions on the number of
9 bank offices and authorizes statewide branch banking. One
10 bank office located in proximity to a branch bank or a bank's
11 principal place of business may be found to be an integral
12 facility, and not a separate branch bank within the meaning of
13 the section. The bill also permits a bank acquiring the
14 assets of another state or national bank to continue to
15 operate any or all of the acquired bank's offices as the
16 acquiring bank's offices. The superintendent is granted
17 authority to adopt rules to regulate the establishment of
18 banking offices, but the rules may not include criteria
19 evaluating the impact upon existing banks in the area to be
20 served by the proposed bank office, or other competitive-,
21 need-, or service-based criteria.

22 Section 4 amends section 524.1419 to conform with the
23 bill's definition of "bank offices".

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