

## CHAPTER 24

AN ACT concerning banking services and supplementing Title 17 of the Revised Statutes.

**BE IT ENACTED** *by the Senate and General Assembly of the State of New Jersey:*

C.17:16Z-1 Short title.

1. This act shall be known and may be cited as the “Banking Development District Act.”

C.17:16Z-2 Definitions relative to banking development districts.

2. As used in this act:

“Bank” means a State or federally chartered bank, savings bank, savings and loan association, or credit union doing business in the State.

“Banking services” means deposit taking, check cashing, sale of money orders, and origination of residential or commercial mortgages, consumer loans, and commercial loans.

“Branch” means a full service branch office of a bank, providing banking services with tellers, customer service representatives, and loan officers available at least 40 hours per week.

“Commissioner” means the Commissioner of Banking and Insurance.

“Department” means the Department of Banking and Insurance.

“District” means a banking development district approved under this act.

“Program” means the Banking Development District Program established pursuant to this act.

C.17:16Z-3 Banking Development District Program.

3. There is established in the department, the Banking Development District Program. The commissioner shall administer and monitor the program to encourage the establishment of bank branches in geographic locations in this State where there is a demonstrated need for banking services by the establishment of banking development districts.

C.17:16Z-4 Rules, regulations setting forth criteria for establishment of banking development districts.

4. The department shall promulgate rules and regulations which set forth the criteria for the establishment of banking development districts. The criteria shall include, but not be limited to, the following:

- a. The location, number, and proximity of sites where banking services are currently available within the district;
- b. The identification of consumer needs for banking services within the district;
- c. The economic viability and local credit needs of the community within the district;
- d. The existing commercial development within the district;
- e. The impact additional banking services would have on potential economic development in the district; and
- f. Such other criteria that the commissioner shall identify as appropriate.

C.17:16Z-5 Application for designation of banking development district.

5. a. A municipality, in conjunction with a bank, may submit an application to the commissioner for the designation of a banking development district within a specified geographic area.

- b. The commissioner shall issue a determination as to an application for designation as a district within 60 days of receipt of the application. If an application is approved, the

commissioner shall transmit notification of the approval to the municipality requesting the district, the State Treasurer, and any bank which has or will have a branch located in the district.

c. A bank may submit an application to open a branch in the requested banking development district, subject to all applicable federal and State laws regarding the establishment of branch offices, simultaneously with the submission of the application for the designation of a banking development district.

C.17:16Z-6 Selection of bank as depository for public moneys, funds.

6. a. Notwithstanding the provisions of section 1 of P.L.1956, c.174 (C.52:18-16.1) or any other law to the contrary, the State Treasurer may select a bank in a district as a depository for public moneys or funds that are otherwise in the custody of the State Treasurer.

b. Subject to an agreement between the State Treasurer and the bank, funds of the State deposited in the bank may earn a fixed rate of interest which is at or below the bank's posted rate for a mutually agreeable depository product, for a mutually agreeable term.

C.17:16Z-7 Selection of bank as depository of funds of municipality.

7. a. The governing body of a municipality in which a banking development district has been designated by the commissioner may, by resolution, select a bank in the district as a depository for funds of the municipality, provided the bank shall be subject to the requirements for a public depository established pursuant to P.L.1970, c.236 (C.17:9-41 et seq.). The resolution shall state the maximum amount which may be on deposit at any time with the bank and such other terms and conditions as are determined to be necessary by the governing body of the municipality.

b. Subject to an agreement between the governing body of the municipality and the bank, funds of the municipality deposited in the bank may earn a fixed rate of interest which is at or below the bank's posted rate for a mutually agreeable depository product, for a mutually agreeable term.

c. The selection of a bank, deposit amount, and the terms and conditions of a deposit may be changed at any time by the governing body of the municipality by further resolution.

C.17:16Z-8 Rules, regulations.

8. The Department of Banking and Insurance shall adopt rules and regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of this act.

9. This act shall take effect 60 days following enactment.

Approved February 21, 2011.