

HCS SS SCS SB 892 -- FINANCIAL INSTITUTIONS

SPONSOR: Scott (Cunningham, 145)

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Institutions by a vote of 15 to 0.

This substitute changes the laws regarding financial institutions. In its main provisions, the substitute:

(1) Authorizes an income tax credit based on the pro rata share of corporate franchise tax paid by shareholders of S corporation savings and loan association holding companies and credit institutions;

(2) Prohibits industrial loan companies or industrial banks from establishing any deposit or loan production office or bank branch to conduct any banking business within the state;

(3) Requires a person seeking a repossession title to a motorboat, vessel, watercraft, or a manufactured home to present a notice of lien receipt or the original certificate of ownership reflecting the holder's lien. The substitute removes the requirement that the lienholder must present the original or photostatic copy of the security agreement and instead requires presentation of an affidavit that the lienholder has the written consent of all owners or lienholders of record to repossess the motorboat, vessel, watercraft, or manufactured home or has provided the parties with written notice of the repossession. The substitute also imposes specific notice requirements upon the lienholder that are similar to the requirements for persons repossessing motor vehicles. The lienholder must give 10 days' written notice by first class mail to the owners and other lienholders;

(4) Increases the amount of a corporate surety bond that applicants for a license to sell travelers checks or money orders must have from \$25,000 to \$100,000. The bond will be used to secure the faithful performance of the obligations of the applicant and to pay the costs incurred by the Division of Finance within the Department of Economic Development to remedy any breach of the obligations of the applicant or to pay examination costs of the division that have not been paid. Upon license renewal, the bond amount will be either five times the highest outstanding balance or five times the greatest amount transmitted in a single day from the previous year with a minimum bond amount of \$100,000 and a maximum of \$1 million. The division director will be authorized to perform an examination of any person licensed under the substitute if necessary;

(5) Changes the reporting requirements of past due loan amounts that the board of directors of every bank and trust company must provide at their monthly meetings and allows lenders to accelerate maturity of an unpaid balance, take possession of the property, or enforce a security interest on a loan if a borrower has defaulted on a second mortgage three times;

(6) Requires any individual owner of a manufactured home, when converting it to real property by attaching the home to a permanent foundation on real estate, to surrender the certificate of title to the Director of the Department of Revenue and to register the home with the recorder of deeds and the tax assessor for the county where the manufactured home is converted to real estate; and

(7) Requires the department director to notify each lienholder of the surrender of any certificate of title for a manufactured home no later than 15 business days after receiving a certificate of title for cancellation. Currently, the department director mails confirmation of each notice of lien to the lienholder no later than 15 business days after the filing of the notice of lien. Lienholders who file timely are also allowed to retain their lien in the manufactured home as real estate continuously without interruption and have priority over subsequently filed liens.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$4,572 to Unknown in FY 2007, \$0 to Unknown in FY 2008, and \$0 to Unknown in FY 2009. No impact on Other State Funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say that the bill preserves separation of banking and commerce. Limiting the ability of out-of-state industrial loan companies from opening banks in Missouri is important. Additionally, changing right-to-cure notices from two to three times is important for protecting consumers.

Testifying for the bill were Senator Scott; Missouri Bankers Association; Missouri Independent Bankers Association; Missouri Association of Realtors; Division of Finance, Department of Economic Development; Mortgage Bankers Association of Missouri; Missouri Financial Services Association; Farm Credit Services of Missouri; and Wal-mart.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that currently Wal-mart can have their own credit union as it is now.

Others testifying on the bill was Missouri Credit Union System.

Marc Webb, Legislative Analyst