



Senate

General Assembly

File No. 120

February Session, 2026

Senate Bill No. 216

Senate, March 23, 2026

The Committee on Banking reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE COMMUNITY BANK AND CREDIT UNION INVESTMENT PROGRAM ESTABLISHED BY THE STATE TREASURER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-24k of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2026*):

3 (a) The State Treasurer may establish a program under which the
4 State Treasurer may, based on cash availability, make available a pool
5 of funds not exceeding three hundred million dollars for investment
6 with eligible community banks and community credit unions. Such
7 funds shall be obtained from the state's operating cash managed by the
8 State Treasurer.

9 (b) (1) The State Treasurer shall establish eligibility criteria for any
10 program established under subsection (a) of this section. Such eligibility
11 criteria shall include, at a minimum, an asset limit for community banks
12 and community credit unions to participate in such program. Such asset

13 limit shall provide that: (A) During the period beginning July 1, 2023,
14 and ending September 29, 2024, no community bank or community
15 credit union with assets exceeding two billion dollars may participate in
16 such program; and (B) beginning September 30, 2024, no community
17 bank or community credit union may participate in such program if
18 such community bank's or community credit union's assets exceed the
19 sum of (i) the preceding asset limit established by the State Treasurer,
20 and (ii) the median percentage loan growth of community banks and
21 community credit unions eligible for the program at the time when the
22 State Treasurer establishes such asset limit. As used in this subsection,
23 "median percentage loan growth" means the middle value representing
24 the percentage increase or decrease, as the case may be, in loan assets
25 over a period of time reflected on the balance sheet of a specified group
26 of lenders.

27 (2) Not later than July 1, 2024, and annually thereafter, the State
28 Treasurer shall provide to the Department of Banking a list of the
29 community banks and community credit unions that are eligible to
30 participate in such program at the time when the State Treasurer
31 provides each such list to the department. Not later than August 31,
32 2024, and annually thereafter, the Department of Banking shall provide
33 to the State Treasurer the median percentage loan growth of each such
34 community bank and community credit union.

35 (c) The State Treasurer shall establish a schedule for making such
36 investments with such banks and credit unions.

37 (d) The State Treasurer shall establish a [competitive bidding]
38 procedure under which such banks and credit unions may [compete]
39 apply for investment-related services under said program. Under such
40 procedure, the State Treasurer may accept rates for such investment-
41 related services that are not greater than one hundred basis points below
42 the previous day's yield for an appropriately comparative United States
43 Treasury security with the same maturity date as the maturity date
44 applicable to such investment-related services, as determined by the
45 State Treasurer.

46 (e) The State Treasurer may establish capital standards for such banks
47 and credit unions wishing to participate in said program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2026</i>	3-24k

BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Various	Various - Uncertain	See Below	See Below

Note: Various=Various

Municipal Impact: None

Explanation

The bill allows the Treasurer to accept lower investment return rates as part of the Community Bank and Community Credit Union programs, instead of using the competitive bid process under current law. The impact of this change is uncertain, as it will depend on the amount and timing of investment received from offerings under the new system versus the current, as well as any difference between investment returns generated by these programs compared to other short term cash flow investments. Any impacts would be to various funds that are invested within the short-term investment markets.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms and results of short term investment.

OLR Bill Analysis**SB 216*****AN ACT CONCERNING THE COMMUNITY BANK AND CREDIT UNION INVESTMENT PROGRAM ESTABLISHED BY THE STATE TREASURER.*****SUMMARY**

This bill sets the minimum interest rate that the state treasurer may accept for investment-related services under the Community Bank and Credit Union Initiative. Specifically, it sets the minimum rate at 100 basis points (one percentage point) below the previous day's yield for a comparable U.S. Treasury security with the same maturity date as the one applicable to the investment-related services, as determined by the treasurer. The bill also requires that the treasurer select banks and credit unions to participate in the program through an application process, rather than a competitive bidding process as current law requires.

Under this initiative, the treasurer may invest up to \$300 million in Connecticut-based banks and credit unions that meet the applicable asset limits and capital standards'. The financial institutions participating in the initiative make loans to people and small-to-medium sized companies and provide banking services in underserved markets.

EFFECTIVE DATE: October 1, 2026

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/10/2026)