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## **OLR Bill Analysis**

### **sSB 302**

#### ***AN ACT REVISING VARIOUS PROVISIONS RELATING TO CERTAIN APPROVALS BY THE BANKING COMMISSIONER AND CONNECTICUT BANK BRANCH APPLICATIONS.***

#### **SUMMARY**

This bill:

1. eliminates the requirement that Connecticut banks with a “satisfactory” Community Reinvestment Act (CRA) rating submit a plan for meeting community banking needs when applying to the Department of Banking (DOB) to establish a branch location in the state (including a limited or special need limited branch) or convert a limited branch to a branch, or vice versa, and
2. generally shortens, by seven days, the timeframe for the commissioner to notify banks applying to establish a Connecticut or out-of-state branch of his determination before the applications are deemed approved.

EFFECTIVE DATE: October 1, 2026

#### **COMMUNITY BANKING NEEDS PLAN**

Under current law, the commissioner cannot approve certain types of applications from entities that received a rating other than “outstanding” on their most recent community reinvestment performance evaluation unless they submit a plan illustrating how they will provide adequate services to meet the banking needs of all community residents, including those with low or moderate income. This requirement applies to entities seeking various DOB approvals, including to (1) open a Connecticut branch, (2) merge or consolidate with a Connecticut bank, or (3) organize a holding company.

The bill exempts any entity with a “satisfactory” rating on its most recent applicable community reinvestment performance evaluation from this requirement when applying to (1) establish a Connecticut branch location, including a limited or special need limited branch, or (2) convert a limited branch to a branch, or vice versa. It retains the requirement for applicants for other DOB approvals.

Existing law authorizes the commissioner to waive this requirement or require the submission of alternative information if the entity has at least a “satisfactory” rating and meets certain other criteria (i.e. for “eligible entities;” see BACKGROUND – *Eligible Entities*). The law also waives this requirement for applications to establish a mobile branch in the state, but allows the commissioner to require applicants to submit other information instead of a plan.

#### **TIMEFRAME FOR BRANCH APPLICATION APPROVALS**

By law, when the commissioner receives an application from a Connecticut bank to establish a branch here (including a limited, special need limited, or mobile branch) or outside of the state (including a limited or mobile branch), he must publish a notice of the application in the department’s weekly bulletin, determine if the applicant is an eligible entity, and promptly notify the applicant of his determination.

The bill requires that the application be deemed approved on the 5th, rather than the 12th, business day after the end of the comment period provided in the department’s weekly bulletin, unless the commissioner informs the applicant, in writing, before then of certain facts (e.g., that an adverse comment has been received that warrants additional investigation or the application requires additional information). It similarly allows the application to be deemed approved before the end of the 5th, rather than the 12th, day if the commissioner issues a written notice of his intent not to disapprove it.

#### **BACKGROUND**

##### ***Eligible Entities***

By law, an “eligible entity” is an applicant that:

1. received a composite rating of one or two under the Uniform Financial Institutions Rating System as a result of its most recent safety and soundness examination;
2. received a compliance rating of one or two on its most recent compliance examination;
3. received a satisfactory or better rating on its most recent community reinvestment performance evaluation;
4. is well capitalized, as determined under federal law;
5. is not subject to a cease and desist order, consent order, prompt correction action directive, written agreement, memorandum of understanding, or other administrative agreement with its primary state or federal banking regulator; and
6. is not subject to any formal or informal administrative action by that regulator.

### ***CRA Ratings***

In its CRA ratings, DOB gives each state-chartered bank a score of outstanding, satisfactory, needs to improve, or substantial noncompliance. As of December 31, 2025, four banks have an outstanding rating; one has a needs to improve rating; and the remainder (18) have a satisfactory rating. No banks received a substantial noncompliance rating.

### **COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 13    Nay 0    (03/10/2026)