PA 25-11—HB 6877
Banking Committee

AN ACT CONCERNING THE BANKING COMMISSIONER'S APPROVAL OF CERTAIN BANK REAL ESTATE IMPROVEMENTS AND ALTERATIONS

SUMMARY: This act adds a second exception to the requirement that Connecticut banks get the banking commissioner's written approval before altering or improving their business real estate. Under this exception, approval is not needed to alter or improve business real estate that a Connecticut bank, or a corporation controlled by it, already owns or leases as long as the bank is (1) adequately capitalized under federal law and (2) not the subject of a pending formal enforcement action by the banking commissioner or the Federal Deposit Insurance Corporation.

Under existing law and with the banking commissioner's written approval, Connecticut banks may generally acquire, alter, or improve real estate for present or future use in the bank's business. However, approval is not required for altering or improving business real estate that the bank, or a corporation controlled by it, already owns or leases if the expenditure for the alterations or improvements does not, in any one calendar year, exceed 5% of the bank's capital and surplus or $750,000, whichever is less.

The act also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2025

APPLICABILITY

By law, a "Connecticut bank" is a Connecticut-chartered or organized bank and trust company, savings bank, or savings and loan association (CGS § 36a-2(13)).

Under existing law and the act, a bank controls a corporation (making the corporation's real estate eligible for the exceptions) if the bank owns or holds at least 51% of the equity securities issued by the corporation, unless the banking commissioner determines that a lesser percentage constitutes effective working control (CGS § 36a-276(d)).

Subject to other conditions and provisions, a Connecticut bank is generally considered "adequately capitalized" if it has a:

1. total risk-based capital ratio of at least 8%,
2. Tier 1 risk-based capital ratio of at least 6%,
3. common equity Tier 1 capital ratio of at least 4.5%, and
4. leverage ratio of at least 4% (12 C.F.R. § 324.403(b)).