

SB0177S01 compared with SB0177

~~{deleted text}~~ shows text that was in SB0177 but was deleted in SB0177S01.

inserted text shows text that was not in SB0177 but was inserted into SB0177S01.

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~~{BUSINESS TRANSACTIONS}~~ Senator Curtis S. Bramble proposes the following substitute bill:

FINANCIAL INSTITUTIONS AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to transactions involving banks ~~{and gift cards}~~.

Highlighted Provisions:

This bill:

- ▶ permits a state-chartered bank to sell to another Federal Deposit Insurance Corporation insured financial institution; and
- ▶ ~~{removes the prohibition on a pawn or secondhand business purchasing gift cards}~~ defines terms.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

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Utah Code Sections Affected:

~~{AMENDS:~~

~~———— 13-32a-103.1, as enacted by Laws of Utah 2019, Chapter 309~~

~~———— 13-32a-104, as last amended by Laws of Utah 2022, Chapter 201~~

~~{ENACTS:~~

~~7-3-41, Utah Code Annotated 1953~~

Be it enacted by the Legislature of the state of Utah:

Section 1. Section 7-3-41 is enacted to read:

7-3-41. Sale of bank.

(1) As used in this section:

(a) "Business combination" means the same as that term is defined in Section 16-10a-1802.

(b) "Surviving entity" means an entity into which one or more other entities are merged, whether the entity existed before the merger or is created by the merger.

(2) (a) Subject to ~~{the requirements of this section}~~ **Subsection (2)(b)**, a bank chartered under this chapter may, with the approval of the commissioner:

(i) enter into a business combination with another bank, savings bank, savings and loan association, or other entity; or

(ii) sell or transfer all, or substantially all, of the bank's assets, liabilities, and businesses to another bank, savings bank, savings and loan association, or other entity.

(b) The ~~{buyer or transferee, or surviving entity of a bank that enters into a business combination,}~~ **following** shall be a financial institution insured by the Federal Deposit Insurance Corporation~~};~~

~~———— (c) The terms and conditions of the transaction shall be lawfully agreed upon, adopted, and approved in accordance with:~~

~~———— (i) Title 16, Chapter 10a, Part 11, Merger and Share Exchange; or~~

~~———— (ii) Title 16, Chapter 10a, Part 18, Business Combinations;~~

~~———— (d) The capital stock of};~~

(i) the surviving entity {shall be not less than required under applicable law for the surviving entity.

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~~_____ (e) All the rights, franchises, interests, property, and choses in action of the combined entities shall be deemed transferred to and vested in the surviving entity without any deed or other transfer.~~

~~_____ (f) The surviving entity shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as were held and enjoyed by the institution combined under this section.~~

~~_____ (3) (a) A national bank, state or federal savings and loan association, or state or federal savings bank may apply for conversion into a state-chartered bank:~~

~~_____ (i) upon the affirmative vote of the shareholders owning at least two-thirds of its capital stock outstanding, or 51% or more of the total number of the members; and~~

~~_____ (ii) at a meeting called by the directors, notice of which, specifying the purpose, shall be given in the manner required by the bylaws, or in the absence of such bylaw, then by sending the notice to each shareholder of record by registered mail at least ten days before the meeting.~~

~~_____ (b) (i) Upon an affirmative vote described in Subsection (3)(a), the converting institution may apply for a certificate of authority by filing with the commissioner a certificate signed by the converting institution's president and cashier.~~

~~_____ (ii) The certificate described in Subsection (3)(b)(i) shall:~~

~~_____ (A) set forth the corporate action required under this section; and~~

~~_____ (B) assert that the institution has complied with applicable laws of the United States.~~

~~_____ (c) The converting institution shall file with the commissioner the plan of conversion and the proposed amendments to its articles of incorporation as approved by the stockholders for the operation of the institution as a state-chartered bank.~~

~~_____ (d) (i) Upon receipt of the required application, the commissioner shall examine all facts associated with the conversion.~~

~~_____ (ii) The expenses and cost incurred for an examination} **of a business combination** described in Subsection ~~(3)2~~(~~(d)~~(i) shall be paid by the institution applying for permission to convert.~~

~~_____ (iii) The commissioner shall present the commissioner's findings and recommendations to the Board of Bank Advisors for consideration.~~

~~_____ (iv) Upon approval by Board of Bank Advisors, the commissioner shall issue a~~

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~~certificate of authority to the applicant allowing the conversion to proceed.~~

~~—— (c) A bank, savings and loan association, or savings bank chartered under this chapter may convert into, consolidate with, or merge with a national bank, with the national bank charter surviving, without approval of the commissioner or Board of Bank Advisors or any state authority.~~

~~—— (f) (i) Notwithstanding any provision of law to the contrary, if a bank, savings and loan association, or savings bank chartered under this chapter has engaged or proposes to engage in a business combination, sale, or transfer of substantially all assets that is not authorized under this section, the commissioner shall enforce the provisions of this section by issuing a cease and desist order.~~

~~—— (ii) The bank, savings and loan association, or savings bank may appeal a cease and desist order } a)(i); or~~

~~—— (ii) the buyer or transferee of a transaction described in Subsection (~~3~~2)(~~f~~) to district court if the appeal is filed within thirty days from the date the order was issued.~~

~~—— Section 2. Section ~~13-32a-103.1~~ is amended to read:~~

~~—— 13-32a-103.1. Transaction or gift cards.~~

~~—— (1) A retail business engaging in a transaction involving a transaction card or gift card issued by that retail business and that bears the branding of that retail business is not subject to this chapter.~~

~~—— (2) A pawn or secondhand business may not [purchase or] pawn a gift card or transaction card.~~

~~—— (3) This chapter does not prohibit a pawn or secondhand business from issuing or accepting as payment a gift card that:~~

~~—— (a) is issued solely by the pawn or secondhand business; and~~

~~—— (b) bears the brand or name of the pawn or secondhand business.~~

~~—— Section 3. Section ~~13-32a-104~~ is amended to read:~~

~~—— 13-32a-104. Tickets required to be maintained -- Contents -- Identification of items -- Exceptions -- Prohibition against pawning or selling certain property.~~

~~—— (1) A pawn or secondhand business shall keep a ticket for property a person pawns or sells to the pawn or secondhand business. A pawn or secondhand business shall document on the ticket the following information regarding the property:~~

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- ~~_____ (a) the date and time of the transaction;~~
- ~~_____ (b) whether the transaction is a pawn or purchase;~~
- ~~_____ (c) the ticket number;~~
- ~~_____ (d) the date by which the property must be redeemed, if the property is pawned;~~
- ~~_____ (e) the following information regarding the individual who pawns or sells the property:~~
 - ~~_____ (i) the individual's full name and date of birth as they appear on the individual's identification and the individual's residence address and telephone number;~~
 - ~~_____ (ii) the unique number and type of identification presented to the pawn or secondhand business;~~
 - ~~_____ (iii) the individual's signature; and~~
 - ~~_____ (iv) (A) subject to any rule made under Subsection (8), an electronic or tangible legible fingerprint of the individual's right index finger, or if the right index finger cannot be fingerprinted, a legible fingerprint of the individual with a notation identifying the fingerprint and the reason why the right index fingerprint was unavailable; and~~
 - ~~_____ (B) notwithstanding the other provisions of this Subsection (1), an electronic legible fingerprint is not required to be documented on the ticket;~~
- ~~_____ (f) the amount loaned on, paid for, or value for trade-in of each article of property;~~
- ~~_____ (g) the full name of the individual conducting the pawn transaction or secondhand merchandise transaction on behalf of the pawn or secondhand business or the initials or a unique identifying number of the individual, if the pawn or secondhand business maintains a record of the initials or unique identifying number of the individual; and~~
- ~~_____ (h) an accurate description of each article of property, with available identifying marks, including:~~
 - ~~_____ (i) (A) names, brand names, numbers, serial numbers, model numbers, IMEI numbers, color, manufacturers' names, and size;~~
 - ~~_____ (B) metallic composition, and any jewels, stones, or glass;~~
 - ~~_____ (C) any other marks of identification or indicia of ownership on the property;~~
 - ~~_____ (D) the weight of the property, if the payment is based on weight;~~
 - ~~_____ (E) any other unique identifying feature; and~~
 - ~~_____ (F) gold content, if indicated; or~~
 - ~~_____ (ii) if multiple articles of property of a similar nature are delivered together in one~~

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~~transaction and the articles of property do not bear serial or model numbers and do not include precious metals or gemstones, such as musical or video recordings, books, or hand tools, the description of the articles is adequate if it includes the quantity of the articles and a description of the type of articles delivered.~~

~~—— (2) (a) A pawn or secondhand business may not accept property if, upon inspection, it is apparent that:~~

~~—— (i) a serial number or another form of indicia of ownership has been removed, altered, defaced, or obliterated; or~~

~~—— (ii) the property is not a numismatic item and has indicia of being new, but is not accompanied by a written receipt or other satisfactory proof of ownership other than the seller's own statement[; or];~~

~~—— [(iii) except as provided in Subsection 13-32a-103.1(3), the property is a gift card, transaction card, or other physical or digital card or certificate evidencing store credit.]~~

~~—— (b) A pawn or secondhand business is not subject to Subsection (2)(a)(ii) if the pawn or secondhand business is the original seller of the property and is accepting a return of the property as provided by the pawn or secondhand business' established return policy.~~

~~—— (c) Property is presumed to have had indicia of being new at the time of a transaction if the property is subsequently advertised by the pawn or secondhand business as being new.~~

~~—— (3) (a) An individual may not pawn or sell any property to a business regulated under this chapter if the property is subject to being turned over to a law enforcement agency in accordance with Title 77, Chapter 24a, Lost or Mislaid Personal Property.~~

~~—— (b) If an individual attempts to sell or pawn property to a business regulated under this chapter and the employee or owner of the business knows or has reason to know that the property is subject to Title 77, Chapter 24a, Lost or Mislaid Personal Property, the employee or owner shall advise the individual of the requirements of Title 77, Chapter 24a, Lost or Mislaid Personal Property, and may not receive the property in pawn or sale.~~

~~—— (4) A coin dealer is subject to Section 13-32a-104.5 and not subject to this section.~~

~~—— (5) An automated recycling kiosk operator is subject to Section 13-32a-104.6 and is not subject to this section.~~

~~—— (6) A catalytic converter purchaser is subject to Section 13-32a-104.7 and is not subject to this section.~~

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~~(7) A violation of this section is a class B misdemeanor and is also subject to civil penalties under Section 13-32a-110.~~

~~(8) The division shall establish standards and criteria for fingerprint legibility by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.~~

~~(9) (a) As used in this Subsection (9), "jewelry" means:~~

~~(i) any jewelry purchased by the pawn or secondhand business, including scrap jewelry and watches; or~~

~~(ii) any jewelry pawned to a pawnbroker and the contract period between the pawnbroker and the pledgor has expired, including scrap jewelry and watches.~~

~~(b) On and after January 1, 2020, a pawn or secondhand business shall obtain:~~

~~(i) a color digital photograph clearly and accurately depicting:~~

~~(A) each item of jewelry; and~~

~~(B) if an item of jewelry has one or more engravings, an additional color digital photograph specifically depicting any engraving; and~~

~~(ii) a color digital photograph of an item that bears an identifying mark, including:~~

~~(A) a serial number, engraving, owner label, or similar identifying mark; and~~

~~(B) an additional photograph that clearly depicts the identifying mark described in Subsection (9)(b)(ii)(A).~~

~~†a(ii).~~