

HOUSE BILL 728

By Hulseby

AN ACT to amend Tennessee Code Annotated, Title 45;
Title 47, Chapter 18, Part 1 and Title 56, relative to
financial services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 45, Chapter 2, is amended by adding
the following as a new part:

45-2-2201.

This part is known and may be cited as the "Tennessee Fair Access to Financial
Services Act."

45-2-2202.

As used in this part:

(1) "Commissioner" means the commissioner of financial institutions, or
the commissioner's designee;

(2) "Department" means the department of financial institutions;

(3) "Financial institution" means:

(A) A state or national bank or trust company;

(B) A state or federal savings and loan association;

(C) A state or federal credit union;

(D) A savings bank;

(E) An insurance company registered in this state as provided in
title 56, chapter 6, part 1 or § 56-11-105; or

(F) An institution that:

(i) Holds and receives deposits, savings, or share accounts;

(ii) Issues certificates of deposit, or provides to its customers a deposit account subject to withdrawal by check, instrument, order, or electronic means to effect third-party payments;

(iii) Provides insurance services; or

(iv) Provides investment services; and

(4) "Person" means an individual, corporation, firm, trust, estate, partnership, joint venture, or association.

45-2-2203.

(a) To provide fair access to financial services, a financial institution shall:

(1) Make each financial service it offers available to each person in the geographic market served by the financial institution on a non-discriminatory basis;

(2) Approve or deny a person a financial service that the financial institution offers solely based on the quantitative impartial risk-based financial standards established in advance by the financial institution;

(3) Not deny a person a financial service that the financial institution offers, except as provided in subdivision (a)(2), when the effect of the denial is to prevent, limit, or otherwise disadvantage the person:

(A) From entering or competing in a market or business segment;

or

(B) In such a way that benefits another person or business activity in which the financial institution has a financial interest; and

(4) Not deny, in coordination with others, except as provided in subdivision (a)(2), a person a financial service that the financial institution offers.

(b) To provide financial services in this state, a financial institution that utilizes standards or guidelines based on non-financial, non-traditional, or subjective criteria, such as environmental, social, and governance scores or diversity, equity, and inclusion policies, shall:

(1) Disclose to the department the specific standards, guidelines, and criteria used by the financial institution to determine access or denial of a financial service to a person in this state;

(2) Provide to a person denied a financial service a disclosure with the specific data, information, criteria, and standard used to support the denial, in bold fourteen-point font; and

(3) Comply with rules promulgated by the department.

45-2-2204.

(a) A financial institution that violates this part is subject to a fine of ten thousand dollars (\$10,000).

(b) In addition to the penalty described in subsection (a), it is a Class A misdemeanor for a financial institution to commit five (5) or more violations of this section within a twelve-month period from the date of the first violation.

(c) The commissioner shall enforce this part, and shall promulgate rules to effectuate this part. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 2. For purposes of rulemaking, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2023, the public welfare requiring it.