

HOUSE BILL 2087

By Lamberth

AN ACT to amend Tennessee Code Annotated, Title 45, Chapter 1 and Title 45, Chapter 2, relative to financial institutions.

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

SECTION 1. Tennessee Code Annotated, Section 45-1-103, is amended by adding the following as new subdivisions:

() "Private trust company" means a company that is a private trust company as set forth in § 45-2-2001;

() "Public trust company" means a state trust company that is not a private trust company;

SECTION 2. Tennessee Code Annotated, Section 45-1-118(c), is amended by deleting the subsection and substituting:

(c)

(1) The assessment against each state bank, which shall be known as the banking fee, must be allocated in proportion to the total assets beneficially owned by each state bank.

(2)

(A) The amount of the department's annual budget attributable to the regulation and examination of public trust companies must be allocated and assessed among all public trust companies in proportion to each public trust company's total assets under the public trust company's administration; provided, that in determining the allocation:

(i) Safekeeping and custody agency assets, where the public trust company is neither acting as trustee nor responsible for managing the asset selection for account assets, must be weighted at fifty percent (50%) of their total amount and all other assets must be weighted at one hundred percent (100%) of their total amount; and

(ii) The minimum amount assessed to any public trust company must be ten thousand dollars (\$10,000).

(B) A company that is a public trust company on the first day of a fiscal year shall pay the full assessment for that fiscal year, and the public trust company's assessment must not be prorated for any reason. Unless public trust companies receive a different notification from the department, the department shall send each public trust company, or its successor, notice of the public trust company's assessment in December of the fiscal year in which the fee is being collected. Each public trust company's assessment will be calculated based on assets under the public trust company's administration as reported in the public trust company's report of financial condition as of June 30 of the prior fiscal year. If, for any reason, a company that was a public trust company on July 1 does not file a June 30 report of financial condition, then the commissioner must determine the public trust company's assets under administration for purposes of making the assessment from other sources of information. The assessment must be paid into the state treasury upon notice from the commissioner, and all moneys collected by the commissioner must be used solely by the department for administration expenses.

(3)

(A) The amount of the department's annual budget attributable to the regulation and examination of private trust companies must be allocated and assessed among all private trust companies such that each private trust company is assessed an equal amount.

(B) A company that is a private trust company on the first day of a fiscal year shall pay the full assessment for that fiscal year, and the private trust company's assessment must not be prorated for any reason. Unless private trust companies receive different notification by the department, the department shall send each private trust company, or its successor, notice of the private trust company's assessment in December of the fiscal year in which the fee is being collected. The assessment must be paid into the state treasury upon notice from the commissioner, and all moneys collected by the commissioner must be used for the administration of the department and for the department's sole use.

SECTION 3. Tennessee Code Annotated, Section 45-2-607(b)(2)(E)(i), is amended by deleting "two hundred fifty thousand dollars (\$250,000)" and substituting "five hundred thousand dollars (\$500,000)".

SECTION 4. Tennessee Code Annotated, Section 45-2-607(b)(2)(E)(ii), is amended by deleting "one hundred thousand dollars (\$100,000)" and substituting "two hundred fifty thousand dollars (\$250,000)".

SECTION 5. Tennessee Code Annotated, Section 45-2-1709(a)(1)(C), is amended by deleting the last sentence and substituting:

Notwithstanding this subdivision (a)(1)(C), the commissioner may permit the use of the term "trust" upon application if the commissioner, in the commissioner's discretion, determines that the person, corporation, partnership, or business

entity will not mislead the public by employing the term, and the person, corporation, partnership, or business entity does not engage in trust activity. Upon proper showing, the commissioner may rescind approval if the commissioner determines that the public welfare so requires it.

SECTION 6. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared severable.

SECTION 7. This act takes effect July 1, 2024, the public welfare requiring it, and applies to assessments made under Tennessee Code Annotated, Section 45-1-118(c) for fiscal year 2024-2025 and subsequent years.