



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4997 through 5000 (as reported without amendment)

Sponsor: Representative Tupac Hunter (H.B. 4997)

Representative Ed Clemente (H.B. 4998)

Representative Joe Hune (H.B. 4999)

Representative Kevin Green (H.B. 5000)

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

Date Completed: 10-19-05

RATIONALE

Shortly after the September 11, 2001, terrorist attacks on the World Trade Center in New York City and the Pentagon in suburban Washington, D.C., Congress passed and President George W. Bush signed into law the USA Patriot Act. Among other things, the Patriot Act enacted Federal banking law amendments relating to relationships between foreign people and foreign business entities and U.S. financial institutions; verification of the identity of account customers; establishment of anti-money laundering programs (including mandatory reporting requirements) for financial institutions; and penalty increases for financial crimes. Under those provisions, financial institutions are required to file certain suspicious activity reports (SARs) with the Federal government.

In 2002, Michigan legislation was enacted to require financial institutions to file with the Department of State Police, within 24 hours, a copy of a suspicious activity report that the financial institutions are required to file under Federal law. At that time, the State Police had difficulty gaining access to the Financial Crimes Enforcement Network (FinCEN), the Federal agency that handles SAR filings and information, so a duplicate State report was needed. Due to recent upgrades in FinCEN, however, the Department now has direct access to SAR files. Therefore, it has been suggested that financial institutions no longer be required to file a duplicate report with the State Police.

CONTENT

House Bills 4997 through 5000 would amend various statutes to repeal sections that require banks, domestic credit unions, savings banks, and savings and loan associations that file a suspicious activity report with an agency of the Federal government to file a copy of the report with the Department of State Police within 24 hours.

House Bill 4997 would amend the Savings Bank Act; House Bill 4998 would amend the Savings and Loan Act; House Bill 4999 would amend the Credit Union Act; and House Bill 5000 would amend the Banking Code.

MCL 487.3514 (H.B. 4997)

491.1135 (H.B. 4998)

490.307 (H.B. 4999)

487.14406 (H.B. 5000)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

With the recent improvements in the Federal FinCEN system, the Department of State Police can gain direct access to SARs and related information. Given that availability, the Department does not need Michigan-based financial institutions to give it duplicate copies of SARs filed with the Federal government. Consequently, the bill would relieve financial institutions of the

additional regulatory burden of providing to State law enforcement officials a report that goes to the Federal government and already is available to the State.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: Bruce Baker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.