

2016 Regular Session

SENATE BILL NO. 144

BY SENATOR MARTINY

BANKS/BANKING. Provides relative to state banks' accounting for immovable property.
(8/1/16)

1 AN ACT

2 To amend and reenact R.S. 6:243(B)(1) and (2)(a) and (b), relative to immovable property;
3 to provide for the accounting for immovable property held by a state bank; and to
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 6:243(B)(1) and (2)(a) and (b) are hereby amended and reenacted to
7 read as follows:

8 §243. Immovable property; dealings

9 A. * * *

10 B.(1) Except for property held pursuant to Paragraphs (A)(1) and (A)(5) of this
11 Section, a state bank shall not hold immovable property as an asset for a longer time than
12 ten years. Any bank holding immovable property which is subject to the ten-year divestiture
13 period shall enter the immovable property on its books ~~at fair market value, or acquisition~~
14 ~~cost, whichever is lower~~ **in accordance with generally accepted accounting principles**
15 **(GAAP).**

16 (2)(a) A state bank shall obtain annually, within a reasonable time as determined by
17 the commissioner, from a qualified appraiser a current appraisal of the fair market value of

1 any such property valued at an amount greater than two hundred fifty thousand dollars and
 2 shall ~~reduce the value of any property on its books if the fair market value has declined~~
 3 **account for the property in accordance with GAAP.**

4 (b) For property valued at less than two hundred fifty thousand dollars, a state bank
 5 shall annually perform an adequate evaluation of such property. ~~If it is determined after~~
 6 **After** adequate evaluation ~~that of~~ the property, ~~has a value that is less than its book value,~~
 7 ~~then the book value shall be reduced to reflect the correct valuation of the property in~~
 8 ~~accordance with policies adopted by the commissioner,~~ **a state bank shall account for the**
 9 **property in accordance with GAAP.** The commissioner may require a state bank to obtain
 10 an appraisal by a qualified appraiser of a piece of property valued at less than two hundred
 11 fifty thousand dollars, if it is necessary for safety and soundness reasons.

12 * * *

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Linda Nugent.

DIGEST

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Present law, relative to a state bank holding immovable property, provides for the method of accounting for the property on the bank's books. Proposed law requires that the property be accounted for in accordance with generally accepted accounting principles (GAAP).

Effective August 1, 2016.

(Amends R.S. 6:243(B)(1) and (2)(a) and (b))