

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0949-03
Bill No.: Perfected SB 318
Subject: Banks and Financial Institutions; Credit Unions; Corporations
Type: Original
Date: April 1, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$68,751	\$102,020	\$104,571
Total Estimated Net Effect on General Revenue Fund	\$68,751	\$102,020	\$104,571

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Division of Finance Fund*	\$0	\$0	\$0
Division of Credit Unions Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds*	\$0	\$0	\$0

*Income from assessments, fees and expenses net to \$0.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations** anticipate no fiscal impact on their agency resulting from this proposed legislation.

The **Office of Administration - Division of Personnel (COA-DP)** does not anticipate a fiscal impact of the proposed legislation. Currently there is not a lot of classification and pay work associated with the positions in these divisions (Department of Economic Development - Division of Finance and Division of Credit Unions). As such there would not be a resultant savings if these positions are removed from the Uniform Classification and Pay System.

The COA-DP does not have any data to determine the extent to which the pay of employees in the Divisions of Finance and Credit unions would increase as a result of this legislation. It is anticipated, however, that pay increases would result from this proposed legislation.

In response to a similar proposal from this session (HB 379 - FN 1232-02), officials from the **Department of Economic Development - Division of Finance (DED-FIN)** state that because DED-FIN is fee-funded and the formula calls for the fees to be calculated,

ASSUMPTION (continued)

billed and collected at 115% of the Division's operating costs, this proposal would result in an increase in General Revenue of 15% of whatever increase the Division is appropriated.

Figures shown represent the dollar amount necessary to increase the starting pay for each class to 90% of the starting pay of comparable positions with federal bank regulators. In order to avoid salary compression issues with current staff, the same percentage increase in starting pay is applied to all employees in each pay class.

Officials from the **Department of Economic Development - Division of Credit Unions (DED-CU)** state the DED-CU is funded through assessments the credit unions pay, which will increase as a result of this proposed legislation. Estimates depict the adjustments necessary to increase compensation for each classification of examiners to no more than 90% of their federal counterparts. The same percentage increase in starting pay is applied to all examiners in each shown class.

This proposal will result in an increase in Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Transfer In</u> - 15% Transfer from Division of Finance Fund	<u>\$68,751</u>	<u>\$102,020</u>	<u>\$104,571</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$68,751</u>	<u>\$102,020</u>	<u>\$104,571</u>
DIVISION OF FINANCE FUND			
<u>Income</u> - Assessments & License Fees	\$722,623	\$1,072,301	\$1,099,109
<u>Cost</u> - Personal Costs	(\$458,343)	(\$680,135)	(\$697,139)
<u>Cost</u> - Fringe Benefits	(\$195,529)	(\$290,146)	(\$297,399)
<u>Transfer Out</u> - 15% Transfer to General Revenue	<u>(\$68,751)</u>	<u>(\$102,020)</u>	<u>(\$104,571)</u>
ESTIMATED NET EFFECT ON DIVISION OF FINANCE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

DIVISION OF CREDIT UNIONS FUND	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Income</u> - Assessments & License Fees	\$106,744	\$131,296	\$134,578
<u>Cost</u> - Personal Costs	(\$74,824)	(\$92,034)	(\$94,335)
<u>Cost</u> - Fringe Benefits	(\$31,920)	(\$39,262)	(\$40,243)

**ESTIMATED NET EFFECT ON
 DIVISION OF CREDIT UNIONS
 FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small business could have a fiscal impact due to increased assessments and license fees.

DESCRIPTION

This proposal removes certain employees of the Division of Finance and Division of Credit Unions within the Department of Economic Development from the state merit employee system. The directors of the two divisions are authorized to maintain equitable salary schedules for examiners, professional staff and support personnel. The salary for bank and credit union examiners shall be based on a comparison of the salaries for similar positions at federal bank regulatory agencies and other states.

The proposed legislation also authorizes the Division of Finance to collect an amount not to exceed 15% of certain estimated costs from banks and trust companies in order to conduct the examinations. Currently, the division is authorized to collect an amount equal to 15%. Fees and charges to bank and trust companies must be reviewed annually by the division of finance to determine whether the regulatory costs are offset by the fees and charges. The division may adjust the fees in order to fully recover such costs.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 0949-03
Bill No. Perfected SB 318
Page 5 of 5
April 1, 2005

SOURCES OF INFORMATION

Office of Administration
Division of Personnel
Department of Economic Development
Division of Finance
Division of Credit Unions
Department of Labor and Industrial Relations



Mickey Wilson, CPA
Director
April 1, 2005