

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4784-01
Bill No.: SB 993
Subject: Banks and Financial Institutions; Bonds-Surety; Licenses-Professional
Type: Original
Date: February 20, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** assume there will be no fiscal impact on the Courts.

Officials from the **Department of Revenue** and the **Department of Insurance** state this proposal has no fiscal impact to their respective agencies.

Officials from the **Department of Economic Development - Division of Credit Unions** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Economic Development - Division of Finance** assume this proposal would require additional effort on the Division of Finance; however, they believe this can be done with existing staff and resources. Very little fee income, if any, would be generated by the optional fee for applications to amend and reissue licenses. There are only two to five license application/renewals per year. Regarding the fee increase for copy of process, the service of process is only done three or four times a year, therefore is not a significant source of revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Under current law, applicants for licensure to issue or sell checks must post a twenty-five thousand dollar corporate surety bond. This proposed legislation raises that amount to one hundred thousand dollars. The bond may be used to pay costs incurred by the Division of Finance to remedy breaches of obligations by the applicant or pay examination costs not paid by the applicant.

For all licensees selling payment instruments or stored value cards, the required amount of the bond for renewal of the license shall be five times the high outstanding balance from the previous year with a minimum of one hundred thousand dollars and a maximum of one million dollars.

For all licensees receiving money for transmission, the required amount of the bond for renewal of the license shall be five times the greatest amount transmitted in a single day during the previous year with a minimum of one hundred thousand dollars and a maximum of one million dollars.

The Director of Finance may, when necessary, examine any licensee and the cost shall be paid by the licensee.

The director shall investigate the character and fitness of each licensee before initial licensure and renewal. The director may charge up to \$100 for applications to amend and reissue licenses.

Under current law, financial institutions must submit a list showing all paper past due thirty days or more at their monthly meetings. This proposal allows the institutions, in the alternative, to

DESCRIPTION (continued)

submit a list of the total past due ratio for loans that are thirty days or more past due, nonaccrual loans divided by the total loans, and a list of past due loans in excess of a minimum amount set by the board not to exceed five percent of the bank's legal loan limit but the minimum amount may not be less than ten thousand dollars. Collateral to the indebtedness does not have to be described as of the date of the lists.

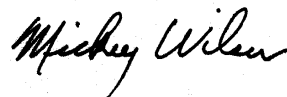
The proposal specifies that financial institutions shall be served process according to the Missouri Rules of Civil Procedure describing service of corporations. State or federally chartered banks, trust companies, and thrift institutions may appoint a service agent and register that person with the Director of Finance.

The proposal allows the Director of Finance to receive service of process for out-of-state banks or trust companies. Currently, the Director of Revenue shall collect \$2 for each copy of process; this proposal raises the amount to be collected by the director to \$10.

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

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Economic Development
 Division of Finance
 Division of Credit Unions
Department of Revenue
Department of Insurance



Mickey Wilson, CPA
Director
February 16, 2006