# HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

# FISCAL NOTE

**HOUSE BILL:** 985 **PRINTER'S NO:** 2057 **PRIME SPONSOR:** Kessler

| **FISCAL IMPACT SUMMARY** | **FY 2008/09** | **FY 2009/10** |
|---|---|---|
| **Expenditure Increase/(Decrease):** | | |
| Banking Department Fund | $0 | $0 |

**OVERVIEW:**

As Passed by the House
This bill amends the Banking Code (act of May 15, 1933, P.L.565, No. 111) to expand protections in §1104 for employees of licensees of the Department of Banking. "Licensee" is defined in §2 of the Code as follows:

> "A corporation, person or any other type of business entity required to be licensed by, registered with or partially exempt from being licensed by the Department of Banking under any law of this Commonwealth administered by the Department of Banking."

Licensees of the department include installment sellers, sales finance companies, check cashers, retail grocery store check cashers, consumer discount companies, collector re-possessors, pawnbrokers, money transmitters, credit service loan brokers, debt management services, mortgage lenders, mortgage originators, mortgage brokers, mortgage discount companies, and mortgage loan correspondents. Chartered institutions—including banks, credit unions, non-deposit trust companies, and other depository institutions—are not licensees of the department.

The employee protections in this bill are expanded in two ways. First, it expands the protection to include reporting violations of any law, not just violations of the Banking Code. Second, it prevents a licensee from bringing a cause of action against an employee for damages arising from reporting a potential violation or participating in an investigation, hearing, or inquiry relating to a potential violation of the licensee.

SENATE AMENDMENT
The Senate amended the bill to clarify the definition of "Institution" in §2 of the Code. The definitional change makes clear that an "institution" includes those institutions which *were* subject to the supervision of the department. The department requested this change in order to protect the confidentiality of institutions that had merged into other institutions. Section 302 of the Code requires the department to protect confidentiality.

General Background Information
The Department of Banking is funded exclusively from the Banking Department Fund, which receives revenue from licenses, fees, fines, penalties, and miscellaneous revenues from the various institutions and businesses under its jurisdiction. The 2009/10 Governor's Executive Budget book shows $17,534,000 in estimated revenues to the Banking Department Fund for FY 2008/09 and $17,700,000 for FY 2009/10.

The General Appropriation Act of 2008 (Act No. 38A) provides a $21,917,000 appropriation out of the Banking Department Fund to the department for general government operations, and the Governor has proposed $21,054,000 for this line item for FY 2009/10.

The effective date is sixty days

**ANALYSIS:**

This bill, by (1) expanding the protection of employees of licensees and (2) changing the definition of "institution" to continue protecting confidentiality of institutions, as inserted by the Senate, does not impact operational costs of the Department of Banking nor does it alter revenue to the Banking Department Fund.

The Department of Banking was consulted in the preparation of this fiscal note,

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**DATE:** June 22, 2009

**General Note and Disclaimer:** *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*